Annual Report 2014

mauritiustelecom

OUR VISION

TO BE A PREMIER WORLD CLASS
INFOCOM SERVICES PROVIDER

OUR CORE VALUES

INNOVATION & CREATIVITY
QUALITY
PROFESSIONALISM
CUSTOMER SERVICE
COMPETITIVENESS

Contents

GROUP FINANCIAL HIGHLIGHTS
FOR YEAR ENDED 31 DECEMBER 2014

Operating revenue

for the Group progressed by 7.2% during the year, to reach Rs 9.1 billion.

Gross profit

is at Rs 7.2 billion, an increase by 4.6% compared to previous year.

Profit

for the year stands at Rs 0.99 billion, as compared to Rs 1.4 billion over last year.

Capital expenditure

has been at Rs 2.3 billion, that is 25.2% of operating revenue.

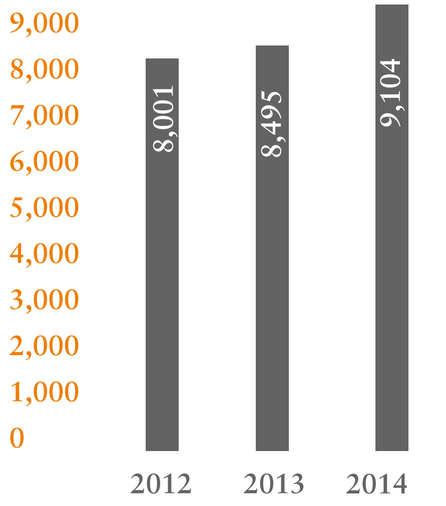
Earnings per share

is at Rs 5.22 as compared to Rs 7.56 compared to 2013.

Return on equity

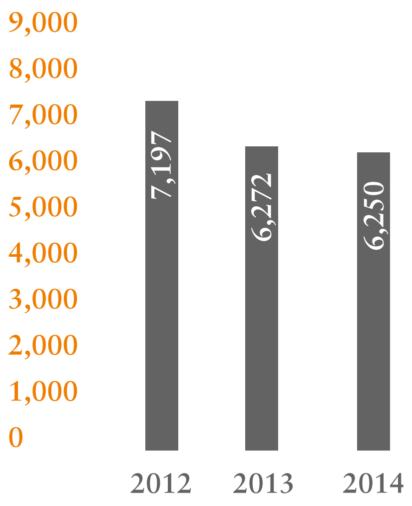
is at 16% as compared 23% with last year.

Operating revenue
(Rs million)



Gross profit
(Rs million)

Shareholders' equity
(Rs million)



FINANCIAL KEY FIGURES
FOR THE GROUP

	2014 (Million Rs)	2013 (Million Rs)
INCOME STATEMENT		
Operating revenue	9,104	8,495
Profit before tax	1,489	2,045
Profit after tax	991	1,431
Earnings per share (Rs)	5.22	7.56
BALANCE SHEET		
Total assets	14,424	15,784
Total liabilities	8,174	9,512
Shareholders' funds	6,250	6,272
Net asset value per share (Rs)	50.40	48.94

CERTIFICATE BY COMPANY SECRETARY

CERTIFICATE BY SECRETARY REQUIRED BY THE COMPANIES ACT 2001

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 as at 31 December 2014.

P.C. Colimalay
Company Secretary

29 April 2015

CORPORATE PROFILE

Mauritius Telecom (MT) is the leading telecommunications operator and service provider in Mauritius. Incorporated in 1988 as Mauritius Telecommunication Services, it acquired the assets of Overseas Telecommunications Services in 1992 and was renamed Mauritius Telecom. It has since enjoyed a phenomenal rate of development and it is now one of the top companies in the country, with revenue of Rs 9.1 billion in 2014.

The Company, which is ISO 9001:2008-certified, operates in accordance with the requirements of good corporate governance practices, providing fair working conditions and offering secure products and services.

Vision

MT's strategy for growth is centred on innovation and enhanced customer experience as part of its Enabling ICT Evolution strategy, supported by its commercial slogan, Today changes with Orange. Over the years, the Company has invested considerably in restructuring the organisation so that it functions as an integrated operator. MT also endeavours to provide the best working conditions for its 2,502 employees, emphasising skill enhancement.

Shareholding

The Government of Mauritius, the State Bank of Mauritius (through its wholly owned subsidiary SBM Holdings Ltd) and the National Pensions Fund hold 59% of the shares in the company. 1% of Mauritius Telecom shares were sold to eligible employees and pensioners in 2007 at a discounted rate under an employee share-participation scheme. The remaining 40% are held by Orange, through its investment vehicle, RIMCOM.

Investment

MT has invested in Orange Madagascar and holds a 90% share in Vanuatu Telecom through its investment vehicle Mauritius Telecom International Ventures, set up in 2011.

Products and services

MT provides a full spectrum of voice and data services using fixed-line, mobile and internet platforms. It also offers convergent services through My.T, its multiplay-IPTV service. Mobile users have access to MT's Internet and TV services as well as MT mobile applications. Since the rebranding of all mobile and internet services in April 2008 to Orange, a strong international brand, there has been a quantum leap in providing customers with innovative services and experiences.

To assist decision-making anytime, anywhere, the Company's real time technology services and solutions, coupled with its experience and know-how, nowadays provide businesses with a one-stop solution for IP-based services, virtual private networks and high-speed internet access and application services. MT is investing in Fibre to the Home (FTTH), Fibre to the Business (FTTB), Gigabit Passive Optical Network (GPON), ADSL and SHDSL technologies and is also now offering TelePresence and Cloud Computing solutions.

Customers

By the end of December 2014, the Company had acquired around 1.3 million subscribers for its fixed-line, mobile, internet dial-up, broadband and My.T convergent services. This significant customer base has enabled MT to strengthen its position as market leader and preferred end-to-end solutions provider.

Following on low-cost Orange tablets launched in October 2012 (to make ICT available and affordable to as many people as possible), access to broadband was improved through lower tariffs for both business and residential customers, all part of MT's commitment to aligning its strategy with that of the Government's vision of Broadband Mauritius.

CORPORATE PROFILE (cont'd)

Network

Mauritius Telecom is setting the pace in the region in the transition from narrowband to broadband and internet protocol (IP) services. The Company is continuously upgrading its IP-based network to offer increasingly mobile and convergent services and provide high-performance voice, data, video and multimedia services. A New Generation Network is now fully operational and currently being upgraded to include Voice over IP (VOIP) for FTTH customers.

As the provider of international bandwidth services for global connectivity, MT continually upgrades available bandwidths on the SAFE cable and invests in new cable projects to meet the increasing demand of call-centre and BPO operators and of customers connecting to bandwidth-hungry services.

MT's international network is based on an advanced globally interconnected infrastructure linked by sub-marine fibre-optic cable systems like SAFE, LION and EASSy, as well as by satellite. In addition to providing continuous upgrades to these cable systems, the Company is also investing in other sub-marine fibre-optic cable projects such as the Europe-India Gateway (EIG) and the West Africa Cable System (WACS). The two cable landing stations at Jacotet Bay and Le Goulet and the investment in cable projects will further increase reliability, resiliency and bandwidth capacity.

Corporate social responsibility (CSR)

Mauritius Telecom fully engages in its CSR role and, through the Mauritius Telecom Foundation (MTF), actively participates in funding major national projects promoting social-economic integration and poverty alleviation. Other CSR initiatives include support to community projects in the fields of education, health, sports and the environment. Since the setting up of the MTF, Rs 201 million has been allocated to 95 NGOs to support 154 projects, while Rs 35 million has been disbursed for projects facilitating ICT education and access to vulnerable groups. The national campaign, Je recycle les mobiles et les piles, launched in 2010, has successfully managed to collect 11 tons of used batteries and over 3,500 mobile phones.

Risk management

The company has a Risk Management Division to provide reasonable assurance whereby significant risks are identified, assessed, addressed and monitored so as to meet the Group's objectives, build shareholder value and promote the interests of its various stakeholders. It has also developed incident management plans for increased preparedness to mitigate the impact of business continuity threats.

BOARD OF DIRECTORS

Mr Dheerendra Kumar DABEE, GOSK, SC

Mr Dheerendra Kumar Dabee is the Solicitor-General (Attorney-General's Office) and a Senior Counsel. He previously held office of Parliamentary Counsel. He is currently a Board Director of a few Government controlled companies.

He has been Chairman of the former Telecommunications Authority and is his office's representative on the Independent Broadcasting Authority.

He is also a member of the Commonwealth Secretariat Arbitral Tribunal.

Mr D K Dabee is the main non-political legal adviser to Government, and, in that capacity, provides legal advice to Government Departments. He is the legal adviser to a number of public organisations.

He is a former laureate (Economics side), a Graduate in Law and Political Science from Birmingham University (UK) and, since 1981, a Barrister-at-Law from the Middle Temple.

Mr Hugues FOULON

Mr Hugues Foulon is a graduate of the École Polytechnique and ENSTA and began his career with the Veolia group, where he was Assistant Director, then Director of drinking-water production plants.

Appointed Deputy General Manager of Monaco Telecom in September 2000, for five years he was in charge of the functional departments (Finance, Legal, HR, and Communication), with 55 persons under his responsibility.

He joined Orange in November 2005 as Commercial Finance Director, then for two years worked for Maroc Telecom as Head of controlling. Back with Orange in October 2009, he was appointed Head of controlling of the "Groupe Marketing Innovation" division.

From October 2010 to March 2012, he was chief of staff with the CEO delegate of Orange, in charge of the Secretariat of the Group Investment Committee, among other responsibilities.

Since April 2012, he is the Chief Financial Officer of AMEA region and Board member of other companies associated with Orange in Senegal, Democratic Republic of Congo or Ivory Coast.

BOARD OF DIRECTORS (cont'd)

Mr Sateeaved SEEBALUCK, GOSK

Mr Sateeaved Seebaluck is presently the Secretary to the Cabinet and Head of the Civil Service.

He holds a BA (Hons) degree in Economics from Delhi University and a Diploma in Public Administration and Management from the University of Mauritius.

He entered the Civil Service as an Economist at the Ministry of Finance and Economic Development and shortly after joined the Administrative Cadre. He was promoted to the position of Principal Assistant Secretary in 1990 and in 2000, he was appointed Permanent Secretary. While serving at the Ministry of Environment, he pioneered Sustainable Development and organized the International Conference on Small Islands Development States.

In 2010, he was promoted Senior Chief Executive and was posted to the Ministry of Civil Service Affairs and Administrative Reforms.

In the quest of introducing new technologies and innovative strategies in the civil service, Sateeaved Seebaluck spearheaded the introduction of the Human Reform Management and Information Service. In the process, he emphasized on changing the mindset of officers through Training in the age of the Learner. He initiated the project for the setting up of the Civil Service College, Mauritius.

He has been awarded Grand Officer of the Order of the Star and Key of the Indian Ocean (GOSK) in 2015 for contribution in the public service and the protection of the environment.

Mr Jean-Paul COTTET

Mr Jean-Paul COTTET is currently the Senior Executive Vice-President Group Marketing & Innovation and Personal Advisor of Stephane Richard, Chairman and CEO of Orange. Jean-Paul Cottet started his career in France Telecom in 1980 in Network Operations and Marketing/Sales in Marseille, South of France.

After a 3 year period as special advisor for Telecom Policy in the French Government, he was appointed Head of France Telecom Operations for the Paris East Area. From 1992 to 1996, he was in charge of the Sales Division in France, then the Soho and Professional Division.

In 1996-1997, he was responsible for France Telecom IPO. From 1998 to 2002, he was appointed Executive Vice-President in charge of Paris. He joined the Executive Committee in 2002 first as Head of Public Relations, Regulation and Communication, and then in 2003 head of IT and International Division. From 2006 to 2008, he was in charge of Network and Field Operations Division in France. From September 2008 to March 2010, he was in charge of the French Enterprise Market Division.

In April 2010, he was appointed to France Telecom Group Executive Committee, as Senior Executive Vice-President for Marketing, Products and Innovation. In July 2013, he became Personal Advisor of Stephane Richard, Chairman and CEO of Orange. Among others, he is Chairman of Orange Madagascar. Jean-Paul Cottet is a graduate from Ecole Polytechnique and École Nationale Supérieure des Télécommunications. He is "Chevalier de l'Ordre National du Mérite".

Mr Daniel DELESTRE

Mr Daniel Delestre is currently Senior Vice-President in charge of Orange's Africa, Pacific and Indian Ocean operation including Kenya, Mauritius, Madagascar, Vanuatu and Wallis and Futuna.

In 2008, he was appointed Senior Vice President of Global Sales, Marketing & External Communications for Orange Business and reported to Mr Vivek Badrinath, Senior Executive Vice-President of Enterprise Communication Services.

In 2003, Mr Delestre was Senior Vice-President of French large accounts within Orange Business Services. In this position, he was responsible for all sales activities concerning the five large accounts agencies/business units. His overall mission was to increase revenue of French large accounts both in France and abroad.

Mr Delestre was previously regional director within the Group's Enterprise Communication Services (ECS) division and held a number of management positions in technical and IT domains. He has pursued his entire career within the France Telecom-Orange Group since he joined the National Centre of Telecoms R&D (CNET) in 1979. Mr Delestre was awarded a diploma by the Ecole Polytechnique and by the superior National School of Telecoms in Paris (ENST).

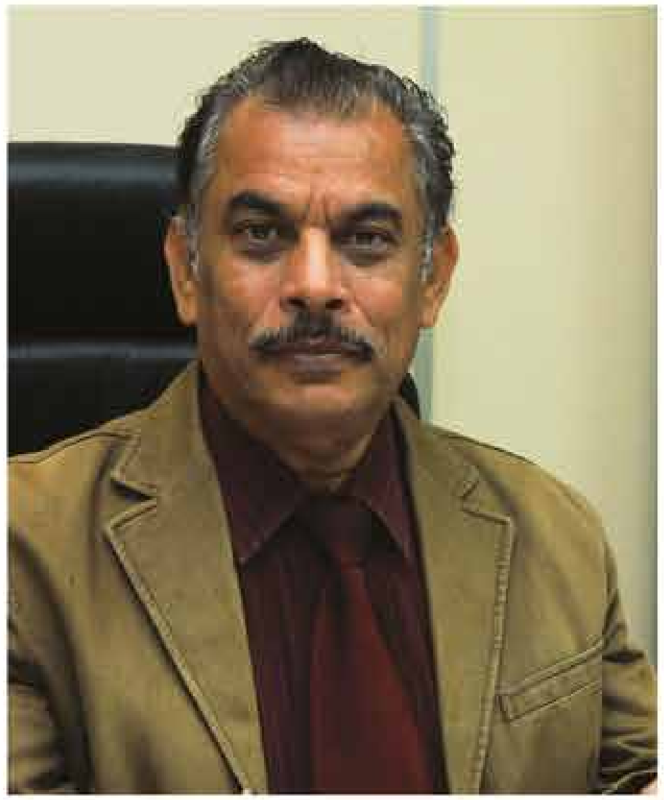
Mr Jugdish Dev PHOKEER

Mr Jugdish Dev Phokeer is currently the Permanent Secretary at the Ministry of Technology, Communication and Innovation.

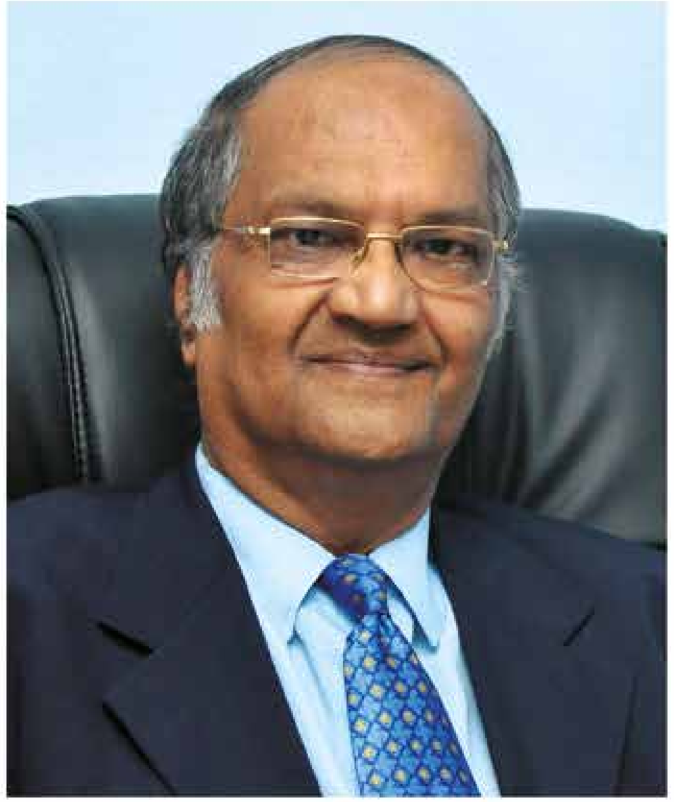
He holds a Master in Business Administration, a Postgraduate Diploma in Management, a Diploma in Public Administration and a Bachelor Degree in Commerce. He started his career in the Civil Service in 1986 and has since held the positions of Administrative Secretary, Director of the Mauritius Handicraft Centre and Principal Assistant Secretary and Administrator at the Office of the President.

In 2005, he became Permanent Secretary and consequently served several Ministries including Ministry of Commerce and Industry, Ministry of Health and Quality of Life, Ministry of Arts and Culture, the National Development Unit and Ministry of Youth and Sports prior to being posted at the Ministry of Technology, Communication and Innovation.

He also represented the Government on various Boards and Committees.



BOARD OF DIRECTORS (cont'd)



Dharam Dev MANRAJ GOSK (Financial Secretary)

Mr Dharam Dev Manraj holds a Post-graduate Diploma in International Management from the International Institute for Management Development (IMD) from Switzerland and is a Fellow of the Association of Chartered Certified Accountants (FCCA). Mr Manraj has an extensive portfolio of experience, developed from the start of his career, predominantly within the public and semi-governmental spheres in Mauritius. Between 1974 and 1998, he occupied various positions within the Ministry of Finance, ranging from Senior Accountant at the outset to Financial Secretary in 1990. He has been involved in the drafting of Budget Speeches, formulation of Capital and Recurrent budgets and fiscal policies. In 2000, Mr Manraj also served as Advisor to the Prime Minister and as Senior Advisor in 2012.

Mr Manraj has also served as Chairman of the State Bank of Mauritius (SBM), the State Insurance Cooperation of Mauritius Ltd (SICOM), the Mauritius Offshore Business Activities Authority (MOBAA), Airports of Mauritius Co. Ltd and Business Parks of Mauritius Ltd (BPML). He has actively been involved in most of the major projects in Mauritius, including the Ebene Cybercity. He contributed in the setting up of the Financial Services Commission, the Mauritius Leasing Company Ltd, the National Transport Corporation and the State Investment Corporation amongst others. In addition, Mr Manraj was previously appointed Director of the Board of Investment (BOI), the Mauritius Sugar Authority and the Mauritius Broadcasting Cooperation at different intervals in his career.

In the international arena, Mr Manraj has participated in various Road Shows and International Conferences on regional cooperation, as well as in the negotiations leading up to the acquisition of Double Taxation Avoidance Agreements with several countries. He has also taken part in World Bank Loan Negotiations in Washington. public service and the protection of the environment.

Mrs Valérie THEROND

Mrs Valérie Thérond, born in 1965, has been the Deputy General Secretary at Orange S.A since 2013 and with the company since 2009.

In her role as the Deputy General Secretary, she is responsible for sourcing & supply chain and for the coordination of the operational efficiency program (Chrysalid) at the Orange Group level, both of which responsibilities she has been assuming since April 2012. She is also responsible for overhead management and supervises real estate and insurance. Prior to these functions, she was the Group Chief Accounting Officer.

Before joining Orange in 2009 she worked in positions of increasing responsibilities and scope (also internationally, including several years in London and Hong Kong) for Andersen Consulting, Bull and Thomson, most notably in the domains of finance, sourcing, process reengineering and internal audit.

She is graduate of the Ecole Supérieure de commerce de Paris (ESCP) where she specialised in corporate finance.

COMPANY SECRETARY

Conrad COLIMALAY

Mr Conrad Colimalay is qualified as a Barrister-at-Law. He holds a Master in Business Law (UK) and a Maîtrise en Droit (France). He officiates as Company Secretary of Mauritius Telecom and of MT subsidiary companies, and is in charge of Legal and Corporate Affairs in MT Group.

Chairman's Statement

4.6%

Mauritius Telecom Group's gross profit grew by 4.6 % in 2014

On behalf of the Board of Mauritius Telecom Group, I have pleasure in presenting our Annual Report for 2014.

I express my gratitude and appreciation to Board Members, the Chief Executive Officer, the management team and all MT employees, with whose support we have been able to match our expectations. I also wish to thank our shareholders for the trust placed in us and our loyal customers for their unfailing support.

Despite 2014 having been a year where we faced fierce competition and tough economic conditions, we have been able to affirm our position as the leading company in the booming telecommunications industry.

Financial review

The Mauritius Telecom Group`s gross profit grew by 4.6% in 2014 although net profit fell to Rs991,231. Earnings per share stood at Rs5.22 compared with Rs7.56 in 2013. An interim dividend of Rs4.12 per share was paid in 2014 as compared to a total dividend of Rs10.54 per share for the previous year. Capital and reserves amounted to Rs6.25 billion as compared to Rs6.28 billion for 2013. Capital investment totalled Rs2.3 billion as compared to Rs2.1 billion in the previous year.

Corporate governance

Mauritius Telecom believes that good governance is the hallmark of a successful and sustainable company. The implementation and maintenance of high governance standards underpin our business objectives and our core values. In addition to compliance with best governance practices, the Group ensures that high ethical standards are reflected in our business behaviour and culture. Transparency, integrity, professionalism, sustainability and ethics are core principles in our providing a fair working environment and world-class quality products and services to our customers.

Corporate social responsibility

Mauritius Telecom ensures that its corporate social responsibilities are fully discharged through the initiatives of the Mauritius Telecom Foundation (MTF). In 2014, the MTF received funding of Rs44 million and 159,619 people benefitted from 56 projects in Mauritius and Rodrigues. The Group worked in close collaboration with 52 NGOs and institutions in promoting the socio-economic integration of vulnerable groups and in supporting national projects in sectors such as education, health, the welfare of children and youth, sports and the preservation of environment. Notably, the Foundation's support for the care of people with disabilities represented 19% of its CSR funds. In addition, the Group has continuously promoted the empowerment of youth, often through the kind of team work it supports through its funding of the Fondation pour la Formation au Football and of Club Maurice for the preparation of Mauritian athletes for the 2015 Indian Ocean Island Games, spending on which represented 11% of MTF funds.

Employee development

In its pursuit of excellence, Mauritius Telecom regularly provides new learning opportunities to its staff. In 2014, management basics was introduced, focusing on relationships and motivation, coaching, team development and empowerment. Taking into consideration the dynamics of the telecommunication sector, much emphasis was laid on providing excellent customer care, particularly through the Good to Great (G2G) training programme. In 2014, 774 employees followed the G2G course.

Developments in telecommunications

In 2014, Mauritius Telecom continued to enhance the quality of its mobile, fixed and broadband networks to cater for users' increasing data requirements. Furthermore, during the year, the implementation of Phase 2 of fibre-to-the -home (FTTH) technology was completed, thus making more homes connectable to fibre technology. The Group reinforced its commitment and drive to meeting the ever-growing telecommunication demands of domestic and business users by the replacement of new cables and the extension of network coverage for enhanced connectivity. The Company also kept up with the pace at which mobile technology evolved with the launching of the iPhone 6 and iPhone 6 Plus. Our prime objective remains to provide the highest standards and range of products and services, giving our customers long-term added-value.

Board membership

I take the opportunity to appreciate the contribution of the preceding board in upholding the interest of the shareholders of the company and the satisfaction of its customers.

Conclusion

We are in era characterised by difficult economic conditions and fierce competition, which has been reflected in our figures. However, our core and ethical values provide us with a strong foundation for enhancing our profitability. As the leading company in the telecommunication industry and one of the leading companies in Mauritius, we are committed to designing strategies to reduce risk, to work to international standards, to provide customer-centric value-added services and to work in the best interest of our shareholders.

Board Director
Acting Chairman

June 2015

Chief Executive Officer's Review

It is a pleasure for me to present my first report since I was appointed as the CEO of Mauritius Telecom. The performance and growth of the MT Group for 2014 was demonstrated by operating revenues of Rs9.1 billion, representing an increase of 7.2% over the previous year.

All subsidiaries contributed to this result with a return on equity of 16%. Gross profit grew by 4.6% although net profit for the year was Rs0.99 billion, as compared to Rs1.4 billion in 2013.

Performance of subsidiaries

As in previous years, mobile was the most important revenue segment with an operating revenue of Rs3.8 billion, representing 6.03% growth over 2013. MT's broadband subscription base grew by 9.1%, from 155,354 to 169,505. With a decrease in broadband tariffs, the revamping of offers and the enrichment of My.T offers, revenue from the internet segment amounted to Rs854 million, 10.2% less than in 2013. Among the subsidiaries, CSL achieved the highest growth rate with revenue totalling Rs339.1 million against Rs262 million in 2013, with the company embarking on a number of new projects both locally and internationally. However, Teleservices recorded a turnover of Rs69 million (2013: Rs81 million), representing a decrease of 14.8%.

Innovations and initiatives

The Pay-TV market saw My.T exceed the threshold of 100,000 subscribers. The multiscreen service launched by My.T allowed members of the same household to watch various My.T channels on different TV sets, smartphones or tablets simultaneously. Enhancements were also made to the VoD service, with more than 2,000 content items, and to the orange.mu portal's contents.

A range of branded smartphones, including the iPhone 6, was launched to enhance customer choice. To democratise access to 3G and boost mobile internet, a successful Swap your 2G mobile to a 3G campaign was introduced. Furthermore, to promote digital services, the Orange Money payment scheme was extended to all utility bills.

Customer experience

Throughout the year, MT remained committed to improving the services, products and experiences it provides to its customers. Much of this work was informed by our Net Promoter Score (NPS) programme and Customer Satisfaction Index (CSI), where we actively seek feedback and measure our progress. Positive progress was noted on the overall scores in 2014 compared to 2013.

The Customer Testing Centre (CTC) became the first after that in France to use Dream Orange – the Orange Group's online café. This is a platform where selected customers are called to participate in forums to discuss current products and services and dream inter alia about future innovations, so as to assess customer experience on the B2C market.

The Orange Virtual Shop (www.orangeshop.mu) was also introduced, offering the possibility of purchasing phones and tablets on line.

Networks

The Company continued to invest in its network infrastructure. The Core IP network was expanded with the implementation of additional port capacity to support customer services. Fibre deployment continued in the North, West and Centre to eventually cover Grand Bay, Port Louis, Wolmar and Moka.

Fifty additional zones were provided with 4G coverage and now include Grand Bay, Belle Mare, Port Louis, Beau Bassin, Rose Hill, Flic en Flac, Curepipe and Plaisance airport. As regards Rodrigues, the whole island has been covered by a 4G network since June 2014.

As at the end of December 2014, there were 171,000 subscribers to broadband internet, 820,000 to mobile and 362,000 to fixed line.

Partnership

2014 saw the successful completion of a project for the supply and commissioning of 26,100 tablets to schools under a contract awarded by the Ministry of Education and Human Resources and which gained recognition at AfricaCom 2014 held in Cape Town.

A project for dedicated websites for SMEs was launched jointly by MT's Business Development Department and the Government. By the end of 2014, 4,700 SME websites had been developed.

Meanwhile, MT's major external BPO customers include several parastatal bodies and, since 2014, the operation of Barclays Bank's Contact Centre in Mauritius.

Overseas involvement

MT continued to market its telecommunications know-how by seeking growth opportunities outside Mauritius. International BPO customers include Orange Reunion, Orange Madagascar, Orange Caraibe and the Swaziland Post and Telecommunications Corporation.

During the year, Telecom Plus was involved in the successful development of a website for Orange Cameroun.

CHIEF EXECUTIVE OFFICER'S REVIEW (cont'd)

Tariffs

In line with its strategy of promoting broadband and enabling a greater number of consumers to have access to the service, a 16% reduction was made in the International Private Leased Circuit (IPLC). A further reduction of 20% was announced in December 2014 to be effective in January 2015. Price cuts for Orange Social (Rs200 to Rs100) and Orange Découverte (from Rs349 to Rs249) were announced in December 2014 for implementation in January 2015. Meanwhile, tariffs for mobile internet packages were reduced by up to 51%.

Driving performance

Much focus was put on customer transformation programmes, such as Good to Great and Fondamentaux de Management with the aim of inculcating in people at managerial level and other staff with a specific MT culture. By the end of 2014, some 774 employees and 50 managers and team leaders had been trained.

Carried out in October 2014, an employee engagement survey was a critical step towards gauging how employees feel about working for the Mauritius Telecom Group and thereafter identifying how employee commitment can be improved.

Risk management

The Company continued to develop business resiliency with the strengthening of its business continuity measures. It embarked on a pilot project for the Orange Group, the process for ISO22301:2012 Societal Security and Business Continuity certification. In this context, as well as staff training, technical business impact analysis (BIA) and risk assessment (RA) exercises were carried out.

We continued to place the highest priority on the safety of our employees and the wider community. During the year, physical security measures were taken, involving the extension of CCTV surveillance to critical locations and the upgrading of security infrastructure at strategic points.

CSR initiatives

MT provided the Mauritius Telecom Foundation with Rs44 million in 2014. The Foundation supported 159,619 people directly or indirectly through 56 projects in which the Foundation participated in both Mauritius and Rodrigues, collaborating with 52 NGOs and institutions, including nine in Rodrigues.

The Way Forward

Today we stand at the dawn of the digital era. The telecom industry as a whole is at a turning point with the evolution of new business models and convergence as the future. There is a pressing need, therefore, to review our strategies and ensure that we prepare the Company to scale new heights and be ready to meet the challenges of the future. To this end, we have identified five top priorities to meet the growing needs of our customers.

1. Accelerated deployment of the Fibre-to-the-Home Project (FTTH)

Our copper network has served us well during the past 25 years, but the degradation of the existing infrastructure, meant initially for fixed telephony, is outdated. This is why we have decided on an accelerated deployment of fibre to cover the whole island in three instead of seven to eight years. This will entail an investment of Rs5.1 billion.

2. Enriched connectivity & service

We need to respond more efficiently to our customers. Today, internet access and connectivity have become essential in our daily lives. Our ambition is to be able to provide our customers with enriched connectivity and to be able to physically respond to our customers within 24 hours. To achieve this objective, we are reviewing our customer service delivery systems to make them more efficient and enhance customer satisfaction.

3. Diversification and overseas acquisitions

We need to diversify our activities and also look for new investment opportunities. Africa is the rising star in terms of growth opportunities and we cannot miss the target. We are therefore looking for new ventures on the continent but also in other regions.

4. Innovation

In line with Government's vision and MT's own business imperatives, Innovation is the new order of the day. A new Business Development and Innovation unit will be created at Mauritius Telecom, able to lead us towards new horizons. We will also further promote the Ebene accelerator project and, together with our partner Orange, we will help shape the future of smart Mauritius through an academy of learning and innovation.

5. Creation of value for our customers

We need to continually strive to create value for our customers who have growing and diverse needs. We aim to evolve from being a service provider to a solutions provider. In this light, some actions have already been announced. We have decreased the price of access to the most basic offers by 30%. This is the most affordable broadband access package in the whole region. For our fibre customers, we have also increased the download and upload speeds by ten times for the same price. Very significantly, since 1 June 2105, all our 850,000 customers benefit from free and unlimited Facebook access.

We shall continue to create value for our customers and within all segments including business. We want to be the enablers of our customers' progress and success, to connect our customers to what is essential for them.

These are the five priorities that will guide our actions and ensure that, despite fierce competition, we consolidate our leadership position in the telecommunications industry.

Conclusion

The coming years are likely to present the Company and its employees with fresh challenges. The guidance of our Board, the trust and loyalty of our customers and the commitment of our shareholders to the new orientation give me strong faith in believing that Mauritius Telecom will soon be a more agile company capable of scaling new heights.

Sherry Singh
Chief Executive Officer

June 2015

STRATEGIC EXECUTIVE COMMITTEE

Mr Manvendra (Sherry) SINGH

Mr Manvendra (Sherry) SINGH is the Chief Executive Officer of Mauritius Telecom since February 2015, succeeding to Sarat Dutt Lallah.

He is an ICT and Marketing professional and has had a long career in Telecommunications and Marketing in the private sector, namely as the Marketing and Customer Service Manager in a well-established Mauritian telecom company. Manvendra Singh also gained expertise from leading international companies such as Vodafone UK, Tele2 Sweden, Celltel Sri Lanka and Mobitel Cambodia.

In 2003 he started his own business and specialised in marketing and telecommunications services. Manvendra Singh also held the position of Senior Advisor to the Vice Prime Minister and Minister of Finance & Economic Development from July 2010 to July 2011. During the same period he was a board member of the State Investment Corporation, the Mauritius Duty Free Paradise and the State Land Development Company.

Mrs Nathalie CLERE

Mrs Nathalie CLERE holds an MBA from the Euromed Business School of Marseille as well as a Master in Economics and Foreign Languages from Grenoble University.

She joined France Telecom/Orange in 1995 and has occupied various key positions in commercial, operations and customer care during her career path of over 18 years in the field of communications. She joined Mauritius Telecom in October 2012 as Deputy Chief Executive and Chief Operating Officer, after having held the position of Vice President Operations in Telecom Polska in Poland. She also held key executive positions in Portugal, was Deputy Chief Officer of the mobile business in Lebanon and Managing Director of mass market and B2B unit of the South East France. Nathalie Clere started her career in Thomson Electronics Goods in Singapore and then worked in a broadcasting company, Telediffusion de France, in Paris until she joined Orange.

She has also been an Advisor to the French Government on International Trade since 2008. She was decorated from the Knight of the National Order of the Merit in Beirut in May 2002.

Mr Davendra UTCHANAH

Mr Davendra UTCHANAH holds a Bachelor's degree in Electronics Engineering and is registered with the Council of Registered Professional Engineers (Mauritius). He joined the telecommunications sector in 1984 and has acquired experience in both international and national operations. He has participated in several international courses, workshops and forums in the fields of telecommunications technology and management. He holds various diplomas in these subjects from different institutions including TEMIC (Canada) and OPMAN (Sweden), as well as the ITU.

He has served in different management and senior management positions in the former MTS and in Mauritius Telecom, particularly in the Network Department, of which he became Head in 2001. He was appointed Executive Head Networks and Information Systems following MT's organisational restructuring. Davendra Utchanah has chaired several regional telecommunications conferences and represented Mauritius Telecom and Mauritius at various international forums including the ITU.

Mr Louis CELIER

Mr Louis CELIER joined Mauritius Telecom as Chief Financial Officer on 1 September 2011. He studied Finance in London and subsequently completed his graduation from a French business school in 1994. He started his career in 1995 with Bouygues Group where he worked for 5 years as Management Controller for the building industry. In 2000 he joined Orange Group at PagesJaunes for financial monitoring of Internet activity and also participated in the introduction of Initial Public Offering (IPO) of PagesJaunes in Paris Stock Exchange. In 2005 he was appointed Director of Missions in Orange Group Internal Audit. Prior to his appointment in Mauritius Telecom, he was from 2008 to 2011 Chief Financial Officer of Orange Madagascar, of which Mauritius Telecom is a shareholder.

Mr Kapildeo REESAUL

Mr Kapildeo REESAUL is the Executive Head Commercial as from 1st October 2012. He holds a Post Graduate Degree in Cable Network Engineering and a Master Degree in Electronics, Electro-technique and Automation from Lille University of Sciences & Technology in France. He also holds an MBA General Management from Midrand University in South Africa. He joined Mauritius Telecom in September 1988 and reckons nearly 25 years of experience as a professional in the telecommunication and ICT field specialising in fixed, mobile and internet services for residential and enterprise market. Prior to his appointment as Executive Head Commercial, he headed the Business Market as Senior Executive for 5 years. He also held several senior management positions and was Managing Director for Mauritius Telecom subsidiary in South Africa in 1998; General Manager of Telecom Plus Ltd and General Manager of Call Services Ltd.

CORPORATE GOVERNANCE

The Board of Mauritius Telecom considers that the Company has complied in all material respects with the principles of the Code of Corporate Governance except for those listed in the statement of compliance. The present report sets out how the principles of the Code have been applied within the company.

Holding structure

33.49%
GOVERMENT OF MAURITIUS

6.55%
NATIONAL PENSION FUND

MAURITIUS TELECOM LTD

40%
RIMCOM *

19%
SBM Holdings Ltd **

0.96%
EXISTING AND RETIRED EMPLOYEES OF THE MT GROUP

Substantial shareholders

Details of shareholders holding more than 5% of the company's shares are included in the table above.

In addition, 2,160 employees and past employees together hold 0.96% of the Company shares further to a share participation scheme introduced in June 2007.

* RIMCOM is an investment vehicle wholly owned by France Telecom
** Further to an internal re-structuring of SBM Group involving a change of name of the holding company, the shares in MT are now held by SBM Holdings Ltd, the holding company of SBM Group.

CORPORATE GOVERNANCE (cont'd)

Dividends

Having regard inter alia to net results, general financial performance, capital requirements and investment needs, the Company distributes regular yearly dividends, the level of which are expected to remain sustainable in the medium and long term in normal circumstances.

Shareholders' Agreement

A Shareholders' Agreement was signed in November 2000 between the Government of Mauritius and Rimcom Ltd (MT's strategic partner). The Shareholders' Agreement provides that the Government of Mauritius shall nominate for appointment five out of nine directors while Rimcom shall nominate four directors.

Board of Directors

The detailed composition of the Board of Directors can be found on pages 9 to 12 of the Annual Report, together with a profile of each director. The profiles also include details of other directorships of each Board member, where applicable.

No director of MT holds shares in MT or any subsidiary of MT.

The Chairman heads the Board of Directors which is composed of nine members.

The current composition of the Board is pursuant to the Shareholders' Agreement between the Government of Mauritius and Rimcom Ltd (see above). The directors, therefore, have not been further categorised as independent or non-independent.

All directors are non-executive.

Directors nominated for appointment are elected each year at the Annual Meeting of Shareholders.

Board meetings are normally held every two months or earlier whenever required. In addition to meetings held in Mauritius, videoconferences are held when necessary to discuss important matters. The Board determines the orientation of the Company's activities in terms of goals and strategies, and approves its strategic and operating plans. It also examines and approves major policy decisions as well as the Company's annual operating and investments budgets, and any other capital expenses.

The Board is responsible for the monitoring of the Company's internal control mechanisms and its management information systems. To ensure their proper and effective implementation, the Company has separate Risk Management, Audit and Remuneration committees.

Chief Executive Officer

Pursuant to Section 4.2 (c) of the Shareholders' Agreement, the Chief Executive Officer is appointed by the Board of Directors upon proposal of Government after consultation with the MT's strategic partner.

The duties and responsibilities of the Chief Executive Officer are set out hereunder:

• To be responsible and accountable to the Board of Directors of the Company for the overall management of the Company and MT Group, including responsibility for the conduct of the day-to-day operations of the company and the Group.

Senior Management

The profiles of Senior Management members can be found on pages 20 and 21 of the Annual Report.

Company Secretary

The Company Secretary ensures the proper co-ordination and conduct of Board, Shareholder and Board Committee meetings. He advises the Chairman and the Chief Executive Officer on the Company's corporate governance policies and practices, and on compliance with the Companies Act and other relevant legislation. He ensures that the legal interests of the Company are safeguarded.

Related-party transactions

Related-party transactions are disclosed in note 34 to the Financial Statements.

Memorandum and Articles of Association

The Memorandum and Articles of Association of Mauritius Telecom is in conformity with the Companies Act 2001 and is a public document.

The Company has wide objectives which include the provision of telecommunication services and products of all kinds.

The liability of members is limited.

There are no pre-emptive rights attached to shares.

All ordinary shares rank equally for purposes of rights to dividends and other distributions.

The Government of Mauritius holds a Special Share which entitles it to voting rights which are stated in Clause 2.1A of the Articles of Association.

All shareholders are entitled to receive notice of, to attend and to vote at General Meetings of the Company.

Management agreements

Neither the Company nor any subsidiary has any management agreement with a third party who is a director, or with a company owned or controlled by a director.

Share-option plans

The company has no share-option plans.

Remuneration of directors

On the grounds of commercial sensivity and confidentiality requirements, remuneration of directors is not disclosed individually.

An aggregate of directors' fees is to be found in the Directors' Annual Report and in note 26 of Financial Statements.

Remuneration policy

The remuneration of directors is considered by the Board's Remuneration Committee.

A resolution to that effect is passed by shareholders at the Company's Annual General Meeting of Shareholders. Remuneration consists of a fixed fee as well as variable fees, which are determined by the attendance of a director at Board and Board Committee meetings.

Board committees

Board Committees are as follows:

Remuneration Committee

In 2014, the Remuneration Committee was composed of the following Board members:

Messrs
Mohammed Asraf Ally Dulull* - Chairman
Vishnou Gondeea**
Dheerendra Kumar Dabee, GOSK
Daniel Delestre
Jean Paul Cottet

Note: *Resigned on 31 December 2014
**Resigned on 6 January 2015

The Remuneration Committee reviews all aspects of the terms and conditions of service of managerial and non-managerial staff. Recognising that remuneration packages are a major cost but also a significant management instrument, the Remuneration Committee ensures inter alia that the remuneration packages provided to management and staff are competitive and that the remuneration system offers the possibility of excellent reward for excellent performance.

The Remuneration Committee also reviews the remuneration of directors. The following are part of the Remuneration Committee's terms of reference:

• To examine reward packages as a whole, with a view to ensuring overall competitiveness

• To maintain an effective system of job evaluation so as to ensure that the grade structure is maintained at Management level.

• To deal with selection, appointment and appraisal of Senior Management including approval of service contracts and performance objectives.

The Remuneration Committee's terms of reference include Mauritius Telecom as well as subsidiary companies which are part of the MT Group.

Audit Committee

The Chairman of the Audit Committee is appointed by the Board. There is no independent or executive director on the Board. During 2014, the Audit Committee was composed of the following Board members:

Messrs
Hugues Foulon - Chairman
Daniel Delestre
Dharam Dev Manraj, GOSK (from 27 June 2014)

The Audit Committee is a standing committee of the Board established to assist it in fulfilling its fiduciary responsibilities. The Audit Committee meets prior to each Board meeting and as and when required.

The following are part of the Audit Committee's terms of reference:

• To review the Company's financial statements and other financial documents to be submitted for Board approval.

• To review the financial reporting process to ensure compliance with accounting standards and relevant legislation.

• To review the Company's internal audit function and its relationship with external auditors, ensure that internal control procedures are in place and assess their adequacy and effectiveness.

• To ensure that the Company complies with laws and regulations in force, conducts its affairs ethically, maintains effective control over employee conflict of interest and fraud, and adheres to applicable standards of Corporate Governance.

CORPORATE GOVERNANCE (cont'd)

- To make recommendations to the Board on matters relating to the financial affairs of the Company and Corporate Governance.

The Audit Committee's terms of reference include Mauritius Telecom as well as subsidiary companies which are part of the MT Group.

Corporate Governance Committee

The Company has not set up a separate Corporate Governance Committee. Corporate Governance duties are discharged by the Audit Committee.

Risk Management Committee

The Chairman of the Risk Management Committee is appointed by the Board. There is no independent or executive director on the Board.

During 2014, the Risk Committee was composed of the following Board members:

Messrs

Hugues Foulon	Chairman
Daniel Delestre	
Dharam Dev Manraj	(from 27 June 2014)

The Risk Management Committee:

- Reviews and approves risk policy on an annual basis.
- Establishes the systematic and continuous identification, evaluation, measurement and mitigation practices of operational risks as they pertain to the Group.
- Defines and approves clear risk-management practices and prudential limits, and strategy covering risk-management philosophy and responsibilities throughout the Group.
- Reduces and mitigates identified risks to an acceptable level or considers their transfer.
- Ensures that adequate and effective controls and measures are in place to manage the most significant risk factors and to respond in a manner that is appropriate and proportional to the risks identified.

The Risk Management Committee's terms of reference include Mauritius Telecom as well as subsidiary companies which are part of the MT Group.

Internal Control Mechanisms

To promote the adequacy and effectiveness of internal controls within the Group, the following mechanisms are used to ensure that operations are adequately monitored and in line with established policies and processes:

- Board committees with specific focus as described above.
- Clear roles and responsibilities for each employee within the organisational structure with well-defined lines of reporting.
- A full set of ISO-certified written internal procedures covering all the major processes across the Group.
- A formalised annual budgetary exercise driven by all departments leading to the annual budget which is put to the Board for approval.
- Monthly monitoring of the Group's performance against budgets with explanations on variances.
- An Internal Audit Department with the Internal Auditor reporting to the Audit Committee.

Internal Audit

The internal audit function ensures that Mauritius Telecom and its subsidiaries are efficiently run in compliance with internal control mechanisms. It is headed by the Internal Auditor, K Goburdhun, who reports directly to the Audit Committee.

His duties include the development and implementation of a comprehensive audit programme for the evaluation of management controls for the Group's major activities. He investigates and examines the effectiveness of the use of Company resources and compliance with established and new policies, procedures and processes. He reports on audit findings on a regular basis to the Audit Committee.

Board and Board Committee Attendance

The record of attendance at Board and Board Committee meetings can be found at the end of this section of the Report.

Risk management

A description of key risks and how they are managed can be found in the Business Review section of the Annual Report.

Carbon Reduction Commitment

Initiatives relating to MT's carbon reduction commitment at Group level can be found in the Business Review section of the Annual Report.

Conflicts of Interest

Matters relating to conflict of interest, if any, are dealt with under Clause 14 of the Company's Articles of Association.

Charter for Ethical Business

The Company's conditions of service contain a specific section relating to the Code of Ethics and the general obligations of employees. Members of specific professions who are employed by Mauritius Telecom (for example accountants and engineers) are also governed by the particular codes of ethics established by their respective professional bodies.

There is also an MT Charter for Ethical Business introduced so as to provide guidelines to MT Group employees on ethical conduct.

Courses have been delivered by a team of trainers so as to sensitise all staff to the Charter. Videos used during the courses have been posted on the e-learning platform to allow staff to view them at leisure on their desktop computers.

Corporate Social Responsibility (CSR)

CSR activities are detailed in the Business Review section of the Annual Report. Mauritius Telecom complies with the requirements relating to corporate social responsibilities through the Mauritius Telecom Foundation, which implements CSR projects on behalf of the Group in consultation with the CSR Committee of the Government of Mauritius.

The Mauritius Telecom Foundation actively participates in funding major national projects promoting social integration, economic empowerment and poverty alleviation. Other CSR initiatives include support to community projects in the fields of ICT, socio-economic development, social housing, education, health, leisure & sports and the environment.

Health and Safety

Mauritius Telecom complies with the requirements of health and safety legislation. Related Company activities, including internal awareness campaigns, are detailed in this Report's Human Resources section.

Annual Shareholder Meeting

The Company is not currently listed. It does not set, therefore, the advance timetabled dates for reporting and meeting required under the rules for listed companies.

A formal Annual Meeting of shareholders is held every year. Advance notice, in line with the provisions of the Companies Act, is issued to directors and all shareholders.

Donations

The aggregate amount of donations is shown in the Directors' Annual Report and in note 26 of the Financial Statements.

There was no political funding.

On behalf of the
Board of Directors

P C Colimalay
Company Secretary

29 April 2015

BOARD AND BOARD COMMITTEE
ATTENDANCE DURING 2014

The table below details the record of attendance at Board and Committee meetings during the year.

	Board of Directors	Renumeration Committee	Audit Committee	Risk Management Committee
No of meetings held	6	3	1	1
Directors				
A Dulull (Chairman)	6	3	n/a	n/a
S C Seeballuck, GOSK	2	n/a	n/a	n/a
D K Dabee, GOSK	5	3	n/a	n/a
V Gondeea	4	3	n/a	n/a
D Delestre	6	3	1	1
H Foulon	1 in person + 3 alternate	n/a	1	1
V Badrinath (to 17 April 2014)	-	n/a	n/a	n/a
J P Cottet	6	3	n/a	n/a
D D Manraj, GOSK (from 27 June 2014)	2	n/a	1	1
V Thérond (from 27 June 2014)	3	n/a	n/a	n/a

n/a: Not applicable – where the Director is not a member of the committee.

DIRECTORS' ANNUAL REPORT

The Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company and of the Group for the year ended 31 December 2014.

Nature of business

The Group's main activity is the provision of telecommunications and related services. Mauritius Telecom provides fixed telecommunication services, products and related services.

The main activities of its subsidiaries, all wholly owned by Mauritius Telecom except for TVL and CSL Madagascar, are as follows:

- Cellplus Mobile Communications Ltd provides mobile and ancillary telecommunication products and services
- Telecom Plus Ltd offers internet and IT-enabled services
- Teleservices (Mauritius) Ltd is engaged in the publication of directories and media-planning services
- Call Services Ltd provides call-centre services which include directory enquiry and customer-relationship management (CRM) services
- MT Properties Ltd offers property management and syndic services
- The Mauritius Telecom Foundation administers the Group's corporate social responsibility (CSR) activities and programmes
- MT International Ventures Ltd holds MT's investments in other entities
- MT Services Ltd recruits employees for the Mauritius Telecom Group
- Telecom Vanuatu Ltd (TVL) (90% owned by MT International Ventures Ltd, a wholly owned subsidiary of Mauritius Telecom) offers fixed, mobile and internet services in Vanuatu
- CSL Madagascar (97% owned by MT International Ventures Ltd, a wholly owned subsidiary of Mauritius Telecom) offers call-centre services in Madagascar.

Results for the year

The Group's and Company's profits after tax, attributable to equity holders, for the financial year were [figures hereinafter in Rs 000's]: 991,231 (2013 : 1,431,355) and 912,943 (2013 : 1,461,623) respectively.

Earnings per share for the year were Rs 5.22
(2013 restated: Rs 7.56 per share).

The audited financial statements of the Group and Company for the year ended 31 December 2014 are annexed.

Board of Directors

The directors of the Company and of its subsidiaries in the Group are non-executive.

The following held office as directors of companies within the Group during 2014:

Mauritius Telecom

Messrs
Mohammed Asraf Ally Dulull* - Chairman
Suresh Chundre Seeballuck, GOSK*
Dheerendra Kumar Dabee, GOSK
Vishnou Gondeea*
Hugues Foulon
Daniel Delestre
Jean Paul Cottet
V Badrinath (to 17 April 2014)
Dev Manraj (from 27 June 2014)
Mrs Valerie Therond (from 27 June 2014)

* Messrs Dulull and Suresh Seeballuck resigned on 31 December 2014 and Mr Gondeea on 6 January 2015 respectively.

Messrs Sateeaved Seebaluck and J D Phokeer have been appointed as Directors with effect from 23 January 2015.

Mr Sateeaved Seebaluck currently acts as Chairman of Mauritius Telecom.

Cellplus Mobile Communications Ltd

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere

Telecom Plus Ltd

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere

Messrs
Davendra Utchanah
Rai Basgeet
Daniel Delestre

Call Services Ltd

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere
Mr Tarkaswar Cowaloosur

Teleservices (Mauritius) Ltd

Mr Sarat Dutt Lallah *Chairman
Mrs Nathalie Clere
Mr Tarkaswar Cowaloosur

DIRECTORS' ANNUAL REPORT (cont'd)

MT Properties Ltd

Messrs
Sarat Dutt Lallah* - Chairman
Tarkaswar Cowaloosur
Louis Celier
Daniel Delestre

Mauritius Telecom Foundation

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere

MT International Ventures Ltd

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere

Messrs
Rai Basgeet
Peter Conrad Colimalay - Alternate to Mr Lallah

MT Services Ltd

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere

Telecom Vanuatu Ltd

Mr Sarat Dutt Lallah* - Chairman
Mrs Nathalie Clere
Mr Rai Basgeet
Regent Ltd (local director in Vanuatu)

CSL Madagascar

Messrs
Sarat Dutt Lallah*
Rai Basgeet
Devendra Curpen (local director in Madagascar)

* Mr Sarat Dutt Lallah resigned as Chief Executive Officer of Mauritius Telecom and Director and Chairman of subsidiaries as at 31 January 2015. He has been replaced by Mr Manvendra (Sherry) Singh as Chief Executive Officer of Mauritius Telecom and Director and Chairman of subsidiary companies.

Directors' remuneration

Total remuneration and benefits paid to Board directors by the Company during the year are disclosed in note 26 (Directors' Emoluments) of the Financial Statements. These include directors' fees and benefits such as, in cases where such benefits are applicable, provision of company car, telecommunication facilities and allowances. No fees or benefits are paid to directors of MT subsidiary companies.

There was no service contract between the Company and any of its directors during the year.

Statement of director's responsibilities

The responsibilities of the directors in respect of the operations of the Group and the Company are as follows:

Financial statements

The Companies Act 2001 requires the directors to prepare financial statements consisting of the Group's and the Company's balance sheets, income statements, statements of changes in equity and cashflow statements, together with notes to the financial statements, in accordance with International Financial Reporting Standards and giving a true and fair view of the results of their operations and financial position for each financial year.

The directors are responsible for the integrity of these annual financial statements and for the objectivity of any other information presented therein.

In preparing the 2014 financial statements, the directors confirm that they have:

- kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company
- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that are reasonable and prudent
- safeguarded the assets of the Group and the Company by maintaining appropriate systems and procedures
- taken reasonable steps for the prevention and detection of fraud and other irregularities
- stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepared the financial statements on an on-going concern basis.

Declaration of interest

- Incorporation of a call-centre company in Madagascar

At the 143rd Board of Directors' Meeting held on 6 March 2014, Mr Barré (alternate director for Mr Foulon), who is the Chief Executive Officer of Orange Madagascar, declared his interest and withdrew from deliberations and decisions on this item.

DIRECTORS' ANNUAL REPORT (cont'd)

Internal control

The directors have overall responsibility for taking such steps, as are reasonably open to them, to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. Systems have been put in place to provide the directors with such reasonable assurance.

The systems are designed to ensure that all transactions are authorised and recorded, and any material irregularities detected and rectified in a timely manner.

The Group has an Internal Audit function which assists Management in effectively discharging its responsibilities. Internal Audit is an independent function that reports directly to the Audit Committee and which reviews business controls on an on-going basis.

Risk management

The Risk Management Committee ensures that directors are made fully aware of the various risks that may affect Group activities. The directors are responsible for taking appropriate measures to mitigate such risks through policies, procedures and other controls.

Governance

The Code of Corporate Governance is closely followed (See the Corporate Governance Report).

Dividends

Total dividends of 782,800 were declared during the year (2013: 2,002,600), detailed as follows:

	The Group and the Company	
	2014	2013
	Rs	Rs
Interim Dividend	782,800	1,001,300
Special Dividend	NIL	1,001,300
	782,800	2,002,600

*Figures rounded up to the nearest rupee

Donations

Donations of Rs 000's 15 were made by the Group during the year (2013: Rs 000's 15).

There were no political donations during the year.

Auditors

The fees payable to the auditors for audit services in 2014 were:

	Group		Company	
	2014	2013	2014	2013
	Rs 000	Rs 000	Rs 000	Rs 000
Audit Services	3,909	2,895	1,560	1,525

No other services were contracted from the auditors.

The appointment of auditors will be discussed at the next Annual Meeting.

Note of appreciation

The Directors wish to thank the Chief Executive Officer and his team for their hard work and congratulate them for the results achieved.

Approved by the Board of Directors and signed on its behalf:

S Seebaluck, GOSK
Director

29 April 2014

J D Phokeer
Director

29 April 2014

HIGHLIGHTS 2014

JANUARY

- IPLC (international private leased circuit) tariffs were reduced by 16%

- Twenty members of the MTF choir participated in the 22nd Nuit de la Voix at the Théâtre du Châtelet in Paris
- The MTF contributed to the construction of 23 social houses in the Karo Kalyptus area of Port Louis

FEBRUARY

- Customer Excellence Transformation Programme launched at Le Meridien Hotel
- New warehouse inaugurated in Gros Billot, New Grove

MARCH

- 1,200 commodes chairs distributed by the MTF to people with physical disabilities and reduced mobility
- The supply and commissioning of 26,100 tablets for secondary schools completed

- Launch of the ‚Swap your 2G phone for a 3G" campaign

APRIL

- Deezer Contest prize-giving ceremony held
- Nine NGOs in Rodrigues shared a total of Rs3 million from the MTF
- Business Forum held at Cyber Tower Ebène

- 17 NGOs received project funding from the MTF to the tune of Rs10 million

MAY

- Orange Money CWA bill payment service launched
- Broadband services made available to homes in Rodrigues

- Good2Great training programme launched

JUNE

- Seventh Orange International Marathon & Run Fun held at Mon Choisy
- Orange National Cycling Championship 2014

HIGHLIGHTS 2014

JULY

A pre-primary school inaugurated at La Valette Bambous with the MTF funding operational costs

Five mobile-using Orange Customer Champions selected

New Orange Shop opened in Goodlands

AUGUST

MT participated in Infotech Rodrigues 2014

Strategic alignment and team-building exercise held for Customer Excellence & Support Team

SEPTEMBER

The MTF provided funding of Rs4.8 million for the setting up of the first Empowerment Centre in Mauritius in Camp Laboue, Terre Rouge.

A cheque for Rs2.7 million presented to Club Maurice for the preparation of athletes for the Indian Ocean Island Games 2015

A SME website directory launched on orange.mu

New Premium channels launched on My.T with eight new FOX channels including Nat Geo Wild, Voyage, FOX Crime, FOX Movies and FOX Sports

OCTOBER

The MTF gave Rs900,000 for the Beau Bois Learning Corner, providing a knowledge and recreation area for children aged between 11 and 16

The HR Department began an employee engagement survey, Your Opinion Counts

NOVEMBER

Teleservices launched mobile directory apps

CSL staff offered lunch and gifts to APEIM's mentally disabled children & youngsters

Orange Money launched M-Payment for the payment of bills in Island Famous Brands' restaurants

Constance Hospitality and Training Centre conducted a programme on Welcoming and Greeting customers in shops

Mauritius Telecom won a contract for QoS and monthly survey management for the Orange AMEA region

DECEMBER

CSL started operating a Contact Centre for Barclays Bank.

New tariff reductions announced: IPLC by 20%, from 14 to 51% on mobile Internet packages and new prices for Orange Social and Orange Découverte internet offers, for implementation as from January 2015

Commercial

The Commercial Department has four main sections: Mass Market, Enterprise, Operators and Marketing. It seeks to grow revenue and customer interest by introducing attractive and innovative products and services.

It has been instrumental in democratising access to 3G smartphones and, by extension, boosting mobile internet use.

In 2014, five waves of a campaign, Swap your 2G mobile to a 3G, in partnership with the mobile manufacturer, Huawei, proved successful as it offered Mauritians a quality smartphone at an affordable price.

In August 2014, in its quest to continually improve customer service, the Department played a crucial role in the successful launch of a new concept Orange Shop in Goodlands, where visitors have the opportunity to experiment with MT's various products and services before selecting what matches their specific needs. The concept will be replicated in other new stores, whilst existing Orange Shops will be upgraded for the same purpose.

The Commercial Department has positioned its 20 Orange Shops as the reference distribution channel in Mauritius for smartphones, tablets and their accessories, attracting customer loyalty with the latest models. A range of 4G smartphones was introduced to offer yet another experience, using the LTE network, with surfing speeds of up to 100 Mbps. MT also obtained the exclusive rights to market, among others, the Samsung S5 LTE version, the Huawei Ascend P7 LTE and Gova 4G, iPhone 5s and iPhone 6.

In the year under review, MT invested in SAVE, a new, after-sales IT tool that has since enabled both staff and customers to keep track of the repair status of phones or tablets left in Orange Shops. Furthermore, MT introduced, on a pilot basis, a digital system to welcome customers and minimise any waiting time at the Orange Shop in Trianon.

Meanwhile, emphasis was placed on the continuous in-house training of front-line staff as well as those involved in back-office operations. Outdoor team-building activities were also held to reinforce team spirit and develop a synergy that cuts across the different levels of hierarchy, resulting in even better response times.

The growing number of smartphones led MT to develop new Orange-branded apps (My Orange, Orange Football Club and Control My Data). Ties with customers were further reinforced by staging the annual and eagerly-awaited Orange International Marathon & Fun Run in June and Rendez-vous Orange during May, June and July, which included demonstrations on the ground floor of Telecom Tower of innovations for connected home facilities, helping to further strengthen the Orange brand image.

MT's efforts were recognised internationally by the Orange Group in July 2014 when Mauritius Telecom received the Best Innovation Award among all the AMEA (Africa, Middle East and Asia) countries during a marketing seminar held in Paris. In addition, MT's communication campaign on the theme of 24 heures avec Orange, which highlighted how Orange products and services form part of customers' daily lives, won the Grand Prix award among all Orange affiliates throughout the world at the Global Brand Committee held in November 2014 in Tunisia.

A range of new services were launched during the year. In June, Abundance Offer packages were introduced for MT's prepaid and postpaid mobile customers, contributing to strongly differentiate Orange from competitors. These bundled data, voice & text-messaging packages attracted thousands of mainly young customers, offering them more – such as unlimited Facebook access - for the same price.

During the same month, My.T launched its multiscreen service, allowing members of the same household the convenience of being able to watch various My.T channels on different TV sets, smartphones or tablets simultaneously.

Rental income was boosted by the August release of VoD packages, a concept enabling My.T customers to view a pack of 5 to 6 films as many times as they wish within a period of 30 days for only Rs 100.

This was followed in September by the introduction of an Emotion bouquet for My.T subscribers, with eight new channels (Nat Geo Wild, National Geographic, Voyage, FOX Sports, FOX Sports 2, FOX Movies, FOX Crime and FX). The My.T premium packages were reviewed and offered *à la carte* with the Emotion bouquet. An important milestone was achieved on 14 November 2014 when the 100,000 customer subscribed to My.T services.

To promote digital services, MT launched its online Top-Up service for mobiles and extended the use of Orange Money for the payment of CWA bills, a service that already existed for CEB, MT & Orange bills. Users of Orange Money could further buy pizzas and settle their bills at Island Famous Brand restaurants using the Orange Money micropayment system.

The Commercial Department also contributed to promoting fibre-to-the-home (FTTH) via a mobile van designed for marketing activities in regions where fibre was being introduced. A team of sales representatives was available to explain the service, distribute flyers and register customer requests. By the end of December 2014, the system, providing internet speeds of up to 30 Mbps, was available to some 46,000 homes and more than 18,000 homes had been connected.

For its part, the Mass Market Department not only works with the general public but also with retailers of Orange prepaid cards and the E-voucher service. To sustain growth through sales points throughout Mauritius, seminars were conducted on a regional basis during November 2014. Four of the Mass Market team were rewarded by being selected to participate in the Orange Customer Champions 2014, held in October in Oman. They had the opportunity to share experiences with sales agents from other countries in the Africa, Middle East and Asia areas.

The Commercial Department continued to support the outsourcing sector's competitive edge and to reinforce the positioning of Mauritius as a cyber-island, by once again decreasing its tariffs by some 16% for its international private leased circuit (IPLC) and premium internet connectivity. The monthly rental of a 2-Mbps IPLC from Mauritius to Paris was reduced from US$2,975 to US$2,500, with a further 20% drop to US$2,000 planned in the new financial year. In addition, MT revamped its product portfolio pertaining to high-speed internet connectivity. The wide range of global IP solutions was reshaped according to three main streams of service – IPVPN Premium, IPVPN BIZ and IPVPN PRO. Furthermore, the Enterprise Market Department was involved in assisting the ICT industry progress when MT introduced quality of service (QoS) guarantees for internet connectivity, a contractual commitment to the network performance and service availability of Global IP offers.

With the help of partners and suppliers, MT's annual event, Rendez-vous Business, again showcased fresh solutions on offer, such as managed cloud services and managed WAN & IP Solutions. Related to this, eight conferences were organised featuring prominent local and international speakers, attracting more than 850 participants.

Fibre-to-business deployment continued, covering the main business district of Port Louis and the Ebene Cybercity, enabling companies to enjoy end-to-end fibre connectivity for their voice, video, data and internet needs.

Cellplus Mobile Communications

Cellplus Mobile Communications is the leader in the mobile sector in Mauritius. The rebranding to Orange of its products and services in 2008 has enabled the company to constantly innovate and enhance its offers.

The mobile customer base increased by 6.5% during the year under review and stood at 832,380 by the end of December 2014. Revenue for the year grew by 6.03%, to reach Rs3.8 billion.

Major innovations during the year included Swap your 2G mobile to 3G campaigns, access to selected My.T TV channels anywhere through the My.T multi-screen service and the launch of mobile applications such as My Orange. The year also saw the introduction of a range of branded 4G smartphones including the iPhone 6.

In terms of infrastructure, 4G coverage was extended to most of the Plaines Wilhems area while Rodrigues was provided with full 4G coverage. Several mobile network upgrade projects were also implemented in order to meet customer usage requirements.

Telecom Plus

Telecom Plus is a fully-owned MT subsidiary, set up in 1996 and today enjoying a market leadership position in internet and value-added services. The Company's mandate since 2007 has been to expand the content base of the Group and strengthen new revenue streams in line with customer expectations. 2014 was an eventful year with some key initiatives, including the conclusion of agreements with some established content providers and the launch of new offers. Telecom Plus also re-enforced its image as an enabler of broadband internet. The broadband subscription base grew from by 9.1%, from 155,354 to 169,505. For the year, the company registered turnover of Rs854 million, which represents a decrease of 10.2% over 2013.

TV channel offers

Telecom Plus continued to strengthen its position in the Pay-TV market with subscribers to My.T passing the 100,000 mark by November 2014. New channels were launched to enhance its Basic, Explorer and Bollywood packages. CCTV-4 (in Chinese), AB1 and Mangas were added to Basic, CCTV-9 (documentary channel) and RTL9 to Explorer, and B4U Movies to Bollywood.

New premium channels were launched in September – eight FOX channels including Nat Geo Wild, Voyage, FOX Crime, FOX Movies and sports channels from FOX Sports. With the above launch, the Basic TV package was re-named My.T Essentiel and a new TV package added, My.T Emotion, which includes the Basic and Explorer channels, as well as the new FOX channels and all MBC channels. The My.T Emotion TV package, priced at Rs200, thus offers a total of 64 channels.

The number of My.T subscribers to the Basic TV package grew by 34%, from 67,300 in December 2013 to 90,500 in December 2014, while the Bollywood and OCS packages experienced exceptional subscriber growth rates of 91% and 93% respectively.

A bouquet of ten TV channels was also launched for tablets and mobile phones, as well as a new TV package of some 20 channels for business companies. Altogether, at the end of the year under review, the total number of subscribers to My.T services stood at more than 103,000.

Video-on-demand (VoD)

The VoD service continued to progress following partnerships concluded in recent years with major content providers. Revenue from VoD reached Rs13.9 million compared to Rs 9.2 million in 2013, a 51% growth in turnover.

BUSINESS REVIEW (cont'd)

The VoD catalogue grew from 700 content items to more than 2,000 in 2014 and was continuously enriched with new releases from such content providers as Sony Pictures, Gaumont, Walt Disney, Mont Ida Films and Eros. Local contents captured a significant share of viewings in 2014, amounting to around 20%.

Value-added services

The range of value-added services (premium text-messaging services, mobile content downloads and Fun tones) was further enhanced. With fresh partnerships, new services were launched, including Orange Football Club. The unit's turnover reached almost Rs50 million, an increase of 3.4% over 2013.

Web portal and development services

The orange.mu portal, hosted and operated by Telecom Plus, maintained its position as a leading Mauritian portal, with an average of 374,000 unique visitors compared to 320,000 in 2013, an increase of 16%. Considerable efforts were made to enhance portal contents, including a new partnership with Air Mauritius to display flight schedules and the launch of an SME website directory (with some 800 SMEs listed as at December 2014).

The revenue derived from web services amounted to Rs12.3 million compared to Rs9.4 million in 2013, a 31% increase. The major share of revenue came from web-development activities, the web-based-content SMS (text message) information service (789) and banner sales.

The Web Development team continued to play a key role as a support centre for MT Group activities for all on-line marketing of products and services through the orange.mu portal, banners, digital signage and Facebook, as well as for mini-projects such as RDV Business, RDV Orange, Wi-Fi portals and other social media campaigns. The VoD website was revamped and a mini-website was developed for the FIFA World Cup in mid-2014, along with a text-message information service. By the end of 2014, the successful development of an on-line Orange shop was completed.

A project for dedicated websites for SMEs was launched jointly with the Business Development Department and the Government. As at the end of 2014, more than 4,700 SME websites had been developed, with their listing to follow in the new business web directory on orange.mu, for more visibility.

On the international front in 2014, Telecom Plus' main involvement was the completion of the development of the website for Orange Cameroun.

Teleservices

Teleservices Ltd has established a position as the leader in the directory business in Mauritius. During the financial year under review, the Company recorded a turnover of Rs69 million (2013: Rs81 million), representing a decrease of 14.8%.

Directories

Teleservices produces the MT Phonebook (residential and business listings) and the MT Yellow Pages (classified businesses) annually. Both are distributed free throughout the island of Mauritius. Other printed publications include the MT Business directory, the 16th edition of which is in preparation and will be issued in 2015, as well as the MT Rodrigues directory. The use and awareness of Teleservices on-line directory portal, http://www.mtyellowpages.mu, grew strongly in the year under review and it has become well positioned as a valued B2B and B2C portal. Teleservices core asset is its comprehensive database, which was used to advantage in the introduction of a mobile app, available on Orange Care, which has made directory services accessible anywhere and anytime.

Advertising services

Teleservices is also a registered advertising agency and provides a whole gamut of services from designing artwork to detailed media planning and bookings on multiple advertising supports. Its wide billboard network in particular allows customers to benefit from island-wide visibility. In 2014, it continued to handle several corporate as well as small and medium companies' advertising programmes, using a range of print, electronic and outdoor advertising methods.

CSL

CSL, a wholly-owned subsidiary of MT, pioneered the development of the contact-centre and BPO industry in Mauritius in 1999. Its activities cover both the voice and the non-voice segments of the BPO sector. Its call-centre segment handles both inbound and outbound calls while its non-voice department caters for industry-specific back-office, corporate service and data-management tasks.

Financial and operational achievements

In the year under review, revenue totalled Rs339.1 million against Rs262 million in 2013. On average, CSL handled 1.1 million inbound calls and 200,000 outbound calls per month, compared to 930,000 inbound and less than 100,000 outbound calls in 2013.

Business process outsourcing (BPO) and other services

CSL handles the helpdesk of the MT Group's fixed line, mobile and internet services. The call centre also provides the Group with services such as telephone surveys, appointment setting, debt chasing and recovery, and data capture and maintenance. Whilst Mauritius Telecom remains one of CSL's major customers, the Company has grown organically with customers in sectors such as telecom and telephone-betting operators, utility companies, financial institutions, market research companies and government bodies.

Major external BPO customers include the Central Electricity Board, the Central Water Authority, the Mauritius Union Group, Airport Terminal Operations Ltd and the Tourism Authority. International clients include Orange Reunion, Orange Madagascar, Orange Caraibe and the Swaziland Posts and Telecommunications Corporation.

CSL has been handling inbound and outbound calls for Orange Reunion since October 2012. The services offered are customer-service helpdesk, back office processes and debtor chasing and recovery. CSL handled on average 54,535 inbound calls a month in 2014.

Other than BPO services, CSL handles the 150 service (the national telephone directory service), as well as the Telmet service, an automated service providing information on cyclones and natural disasters.

The 152 service, a telephone business directory service, is operated on a 24-hour basis, providing contact details for Mauritian and Rodrigues businesses, as well as such items as cinema programme details, foreign exchange rates, flight schedules and horoscope predictions.

Projects

CSL was awarded a contract, signed in November, for providing consultancy services for the setting up of a call centre for the Swaziland Posts and Telecommunication Corporation (SPTC), the first call centre/BPO in Swaziland.

CSL was also awarded a contract for the operation of Barclays Bank's Contact Centre in Mauritius, following a tender exercise, with operations starting officially in December.

CSL also participated in Orange Caraibe's tender exercise in June 2014 for the *Externalisation partielle des activités de service clients* (inbound). The Company was awarded the contract in October 2014 and operations are due to start in March 2015.

Meanwhile, CSL created a company in Madagascar, CSL Madagascar, for the operation of a 100-seat call centre there. The first client will be Orange Madagascar, for whom outbound calls will be made.

CSL also launched a new service, Virtual Secretary, in September 2014. This is a tele-secretary service for small and medium enterprises and professionals in Mauritius, managing clients' calendar and appointments online while handling their helpdesks.

Human Resources

CSL participated in two job fairs in 2014, those of BPML and the 21st edition of Infotech ICT.

In December, as a CSR initiative, CSL staff visited the premises of the Association de Parents d'Enfants Inadaptes de L'ile Maurice (APEIM) in Beau Bassin, to donate school bags and lunch packs to the 50 disabled children there. This event was also made possible through the voluntary contributions of CSL employees.

IT development

CSL implemented a contact-centre management system based on state-of-the-art technology with enhanced functionalities to cater for new business needs for its call centre platform in Madagascar. This contact-centre management system is a strategic tool for CSL as it will be the primary multi-channelled point of contact (inbound and outbound) between CSL and its international customers.

Quality

CSL successfully underwent a recertification audit for NF 345-EN 15838 (V6) with AFNOR Mauritius in January 2014. The certificate is valid till 25 March 2017 for Relation Client à distance (Hors Digital) activities. The Company also embarked on the process of becoming the first contact centre in Mauritius and in the region to receive the Customer Operations Performance Centre (COPC) certification for Customer Service Providers (CSP). CSL expects to be certified COPC in the first semester of 2015.

Future projects

CSL has been selected for the setting up of a 100-seat call centre in Rodrigues in 2015 following a tender exercise issued by the Rodrigues Regional Assembly in 2014. The call centre is due to start operating in the first half of 2015.

CSL also intends to provide a web help centre, a tool which will enable clients to chat with CSL's consultants via internet and obtain an immediate response to their queries. Nevertheless, telephone communication will remain as many clients find it an indispensable channel for expert advice.

BUSINESS REVIEW (cont'd)

Business Development

In 2014, Business Development came up with several innovative projects ranging from methods of imparting knowledge to making payments through lifestyle-changing applications.

Education

In December 2013, Mauritius Telecom was awarded a contract worth Rs134 million by the Ministry of Education and Human Resources for the supply and commissioning of 26,100 tablets for school use, integrated with classroom management software and pedagogical contents. The project was delivered successfully in mid-March 2014. The innovativeness of the project received recognition at the Africacom 2014 in Cape Town and the Mobile World Congress 2015 in Barcelona.

Promoting M-Payment

When launched in April 2012, Orange Money facilitated payment of bills (electricity, fixed line, Orange post pay) as well as income tax (MRA) directly from mobile phones associated with an SBM Bank account. The Central Water Authority was added in May 2014 to complete the list of major utility service providers, allowing Orange Money customers to pay their water bills using their mobile phones. Orange Money also caters for – Orange Money E-voucher, allowing Retailers to buy E-vouchers credits with their mobiles. In the same vein, in November 2014, Orange Money Merchant Payment was launched with Island Famous Brands – the official master licensee of a chain of fast-food restaurants including Debonairs Pizza, Steers, Fishaways, Wimpy, Mugg & Bean, Blacksteers and Keg & Marlin.

Apps development

MT has been developing apps over the last two years, prime examples being the Mauritius Tourist Guide giving information on sight-seeing places in Mauritius and the OrangeCare app that allowed conversion of contact phone numbers from 7 to 8 digits. The success of this app gave MT international recognition, resulting in the company being awarded contracts by two international telecom operators – Vini, based in French Polynesia, and Orange Cameroun to replicate these apps for their mobile numbering change plans in June 2014 and November 2014 respectively.

In 2014, MT took another step forward with enterprise apps development, obtaining app development contracts from the Mauritius Broadcasting Corporation and the Electoral Commissioner's Office for the development of private apps for the General Elections. These apps allowed journalists and returning officers to input data/results in real time on both the voting and counting days. Another app was designed to allow public to follow live results of elections.

International Expansion and Expertise

Following the acquisition of 90% of Telecom Vanuatu Ltd (TVL) in July 2013, a restructuring plan was designed and implemented. Major improvements in TVL's performance have since been noted. This international acquisition has also allowed MT staff to gain international exposure and experience.

Networks

In line with its long-term vision, in 2014 Mauritius Telecom continued to implement major projects in order to enhance the quality of its network.

Core IP network

MT invested in the expansion and capacity-building of its Core IP network with the implementation of additional port capacity to support customer services. It also commissioned the configuration of traffic engineering in order to optimise performance for business customers, whilst the existing aggregation layer was extended in the island to offer better coverage for business bandwidth requirements.

In order to improve its MPLS connectivity with international operators, the Company implemented a new link (network-to-network interface) with Telecom South Africa.

Broadband network

Mauritius Telecom implemented two new gateway routers to enhance the provision of IP VPN premium services, which allow customers to deploy critical services across their wide area networks (WAN).

Fixed network

Phase 2 of the fibre-to-the-home (FTTH) project aimed at making the system available to 35,000 homes, distributed via 12 exchanges in 154 cabinets. As at mid-November 2014, FTTH was available for 32,000 homes and by December MT had connected 14,000 out of the 19,000 customers targeted for the year. The FTTH network is also being deployed in Port Louis, Plaine Verte, Moka, Triolet, Grand Bay, Grand Gaube and Tamarin exchange areas. In phase 1 of the project, 8,000 existing broadband customers in Beau Bassin, Rose Hill, Candos, Floreal and Forest Side Exchanges had been connected in 2013.

Meanwhile, MT completed the dismantling of legacy IP switches and ATM-based DSLAMs, migrating existing services and remaining customers to IP-based systems. Mauritius Telecom also extended its existing line-testing system to all exchange sites in Rodrigues in order to enhance after-sales troubleshooting and repair services.

Mobile network

Mauritius Telecom completed the replacement of EoS (End of Support) switches in the core mobile network and implemented additional links for enhanced resiliency.

Phase 2 of the EPC project was implemented in 2014 and involved setting up a unified core packet switch network for 2G, 3G and LTE. The network in Mauritius was earmarked for the field trial of a new software release, PS10.1, which is now nearing its final stage.

As phase 3 of the company strategy to improve broadband mobile coverage, 46 new LTE sites were deployed in Mauritius with the majority in the Plaines Wilhems area. All sites in Rodrigues have also been equipped with LTE. Thereafter, the UTRAN network was upgraded to RAN15.0 to enable features such as CSFB (Circuit Switch Fall Back) to deliver voice and text-messaging services to LTE users and fast redirection from UMTS to LTE and back.

The DBS platform was upgraded and its architecture enhanced in order to increase capacity. The platform was also interfaced with the LTE network to provide data rating and charging functionalities when using data services. The platform now has an additional functionality through which it can provide different bandwidth quality to different categories of user.

Finally, a Message Controller (MCO) was deployed to replace the previous SMSC system, which was no longer supported. The new MCO has a higher transaction per second (TPS) possibility, 500 as compared to 250 previously.

Customer Excellence & Support

MT started the roll-out of its Customer Excellence Transformation Programme to all staff in February 2014. The aim of the programme was to present to all employees a vision, Good to Great, and a mission of Delivering Happiness to Customers.

Concrete results from the programme were MT winning the award for greatest progression in the African and Middle East maturity matrix in April 2014 and progressing to the second highest position in October 2014.

Customer centricity

MT has a bi-monthly tracker, with a customer satisfaction index (CSI) and net promoter score (NPS) to follow up and improve on customer experience. There was positive progress on the overall scores for both CSI and NPS in 2014 compared to 2013.

Customer Testing Centre (CTC)

Since March 2014, MT has a fully equipped Customer Testing Centre, with a control room. The CTC carried out several tests and made recommendations to improve on the simplicity of offers prior to and after launch.

Dream Orange

Dream Orange, the Orange Group's online café, forms part of MT's digitalisation process. Selected customers are called to discuss current products and services, participate in community forums, dream about future innovations and review the use of digitalisation. Mauritius Telecom's CTC is the first after the one in France to use Dream Orange to assess customer experience on the B2C market. Two Dream Orange café sessions were conducted during the year.

Cockpit

MT piloted the Orange Group's development and use of Cockpit, a tool to provide project managers and decision makers with an intuitive, consolidated and general view of customer experience risks, enabling them to bring in improvements as necessary.

Customer journey (CJ) and improvements

MT has adopted a methodology of customer-journey design before the launch of products and services, and CJ improvement after launch, so as to meet customer expectations in terms of simplicity, personalisation, anticipation, connection and availability. Priority was given to broadband in 2014.

Surveys

MT has a survey management system which rates the overall customer experience, with customers' verbatim comments analysed so service improvements can be made. In 2014, MT was awarded a contract to co-ordinate mobile quality-of-service surveys for all Orange entities in the African and Middle East region.

Operational Excellence

Standards

MT and its subsidiaries were successfully ISO9001:2008 recertified for the fourth time in 2014 after an external audit of its quality management system by SGS Ltd. Internal quality audits were also conducted throughout the year within the Group and also on customer premises to verify the quality of third-party suppliers' work.

BUSINESS REVIEW (cont'd)

Processes

To improve service levels, SPICE (smart processes for improved customer experience) processes are continually reviewed and customer service level agreements (SLAs) monitored. More than 90 KPIs are monitored by the process managers and by their respective process owners. Process controls were also extended to monitor the quality of provisioning and fault-reporting works in 2014. This led to a 25% improvement in customer satisfaction with fault clearance and installation works.

To improve on customer service, the Company also reviewed its processes and invested in the development of several tools; knowledge management tool to share product/service briefs and workforce management tool to better manage field deployment of teams.

A digitalised hot survey tool has also been put in place for customer feedback.

Complaint management

Complaint tracking and root-cause analysis is carried out on a monthly basis. From 2013 to 2014, there was a general decrease in complaints, by 9% for My.T services, 23% for broadband, 4% for fixed-line and 54% for mobile. The Company also established a policy to faciliate the resolution of complaints.

Partnership management

Call Services Ltd (CSL)

MT adopted a new approach to its partners. The contract with CSL and existing SLAs were completely reviewed, whilst CSL itself continued its efforts to be COPC-certified.

Several improvements were introduced to the helpdesk, with the forecasting of call volumes and scheduling of agents, the rating of customer contact through hot surveys, the streamlining of the 8902 hotline, the use of a broadband troubleshooting guide and the reskilling of frontline agents to improve on first-line resolution.

Line installation and fault contractors.

MT monitors the performance of contractors working on the access network through weekly survey exercises and continual audits. The findings of the surveys and audits are shared with the respective contractors, with a marked improvement noted in both performance and quality of works.

People excellence

MT aims to produce a specific MT internal culture. Every member of staff has been trained on the Customer Charter and key behavioural attitudes. In 2014, 800 staff attended the two-day training on Orange Culture which will eventually be extended to all staff.

In collaboration with Constance Hospitality Training Centre, all Company front office staff will receive training on Welcoming and Greeting. In this respect, mystery shopping was conducted in selected shops where this training programme will be deployed in 2015.

MT also set-up a Walk-the-Talk programme, which encourages all management cadre to go on site and meet staff in their workplaces. The aim is to encourage management to share key action plans and listen to complaints and suggestions, with the objective of their better understanding staff concerns and hence their effectiveness.

Business continuity and security

MT embarked on a pilot project for the Orange Group, the process for ISO22301:2012 Societal Security and Business Continuity certification. In this context, technical Business Impact Analysis (BIA) and Risk Assessment (RA) exercises were carried out, as well as staff training.

A Group cyber-attack simulation exercise was carried out in December 2014 by 18 Orange Group entities to test the Information Systems incident response structure and the capability to recover from a cyber-attack. The exercise was an opportunity to test and report on the integrity of the system, the availability of backup, business continuity plans, incident response structures, the crisis room and the communication bridge.

Several security measures were implemented during 2014:

- The installation of 300 additional CCTV cameras to improve the security of people, assets and infrastructure
- The use of biometric readers to enhance access security
- The installation of intruder alarms at 27 exchanges
- The upgrading of boundary walls
- The provision of a 24/7 rapid intervention service to attend to urgent cases following the triggering of alarms.

In order to reinforce business continuity during torrential rains and floods, floodgates were installed at basement level in both the Telecom and Orange Towers.

An additional standby generator together with all ancillaries was installed at Telecom Tower to mitigate risks of power failure due to flooding of the lower basement of Telecom Tower.

Building and property management

MT completed the construction of its new Central Warehouse at Rose Belle Business Park, which became operational in February 2014. The facilities provided include a stockyard, free and easy access for container lorries and a modular racking system for in-house storage.

A new MT Orange Shop was opened in Goodlands in July 2014. Minor refurbishment works were also carried out at various shops.

For green reasons, at Telecom Tower fluorescent tubes continued to be replaced by energy efficient light-fittings.

The office premises at Cassis were upgraded to provide the better working environment for staff working there, whilst Orange Tower in the Ebene Cybercity was fitted with a staff canteen, and a rest area for staff working on shift duties, an area which can also be used for yoga and other forms of relaxation.

Carbon Reduction Commitment and Green Actions

In view of the importance the Company attaches to the environment, related policy and activities are handled at corporate level, by Mauritius Telecom itself.

Environmental management system

In recent years, Mauritius Telecom has engaged in a number of activities to minimise any impact on the environment from its operations. The ISO14001:2004 standard is used to manage activities centrally and a risk analysis has been conducted and action plans drawn up.

Green activities

In 2014, Mauritius Telecom continued with the following activities:

- Collection of used batteries and mobiles
- Recycling of old modems, telephone sets and set-top boxes
- Collection of waste paper for recycling
- Action to decrease energy consumption on all sites through the installation of motion detectors, solar panels, the optimisation of equipment rooms so as to decrease air-conditioning usage and the use of free-cooling air-conditioning systems in exchanges
- Use of energy-efficient equipment

In its 2012-2016 Strategic Plan, Mauritius Telecom set itself the following strategic objectives:

- To achieve a 5% reduction in its power consumption
- To reduce its carbon footprint by 10%

MT's various initiatives or ongoing actions in 2014 to meet these strategic objectives included:

1. As knowing how, when and where energy is being used in various locations is of considerable importance, the implementation of a centrally managed energy-metering system (electricity and fuel) in order to have real-time visibility of energy usage and to optimise consumption. Energy-metering systems have already been installed on 100 sites, with 300 more to follow during the next three years.

2. The replacement of incandescent by energy-saving lamps, already completed on 75 sites, with work on the remaining sites to follow in due course.

3. The procurement and utilisation of sleep mode rectifier modules which save energy during low-peak periods.

4. The procurement and utilisation of digital scroll compressors for precision type air-conditioning units as they are more energy efficient and provide flexible cooling capacity when cooling electronic telecom equipment.

5. The use of heat-resistant paint on all sites to provide insulation from the sun and reduce the ambient temperature inside technical equipment rooms, thereby requiring less cooling capacity and saving energy.

6. The procurement of mobile base stations which enter sleep mode when traffic is low, thereby reducing energy consumption.

7. The use of free cooling systems coupled with standby air-conditioning on 20 sites, with 10 more to follow in high-ground areas. The concept of free cooling is to use the lower temperature of the atmosphere to cool the equipment room.

8. The introduction of a solar-energy system with a back-up generator in Agalega. This initiative has the added advantage of reducing fuel shipments to the island.

9. The introduction of solar-energy systems on 10 outdoor mobile-telephone sites in Mauritius.

10. A feasibility study on the setting up of a solar farm on a build, operate, own and transfer basis.

11. The partitioning of technical rooms to separate equipment with higher power consumption on 40 sites. This was done on a further 15 sites in 2014.

12. The building of a new data centre in Rose Belle to accommodate more servers. This has enabled many servers from various sites to be located in one place, sharing cooling resources and benefitting from a lower CEB tariff. When the new data centre is fully implemented, it will use hot-cold aisle containment, which is more energy efficient, as are the variable speed fans now used for precision-type air conditioning units. Overall, this will lead to a power saving of 250 MWh per year in the medium term.

13. The consolidation of 120 stand-alone servers onto 21 blade servers, reducing energy consumption.

BUSINESS REVIEW (cont'd)

Regulatory and Policy Developments

With the aim of boosting the ICT sector, a major pillar in the country's economy, several developments affecting the sector were under consideration or implemented during the year under review.

Major regulatory developments

New framework for market regulation

The ICT Authority began conducting a statutory market analysis with the aim of creating an appropriate ICT market segmentation, identifying dominance and implementing appropriate measures which may include asymmetric regulation. The Authority sought the assistance of Towerhouse LLP, a UK-based company, to carry out this market analysis.

Review of mobile termination charges

The ICT Authority initiated a costing exercise to review the mobile interconnection usage charge. MT informed the Authority of its view that that the current rate should remain unchanged given the threats from companies providing over-the-top services and the fact that the mobile termination rate in Mauritius is among the lowest in the world.

QoS for broadband internet services

The ICT Authority was in the process of finalising a Broadband Internet QoS Directive which would apply to broadband internet services delivered over fixed wired (including optical fibre), fixed wireless and mobile access networks, and commercialised on a stand-alone basis or as a bundled offer.

Electric and magnetic field safety (EMF)

Since the implementation of the Radiocommunication Infrastructure Technical and Administrative Standards for EMF Safety in 2011, telecom operators had complained to the ICT Authority that the current procedures placed a burden on their deployment planning, resulting in considerable delay in infrastructure deployment and affecting network coverage. In the light of these complaints, the ICT Authority launched a consultation exercise with the aim of streamlining the above standards for EMF Safety.

Fourth generation regulation

The ICT Authority started considering the migration to fourth generation regulations for enhancing consumer protection and to address social issues arising from new market models, digital public services delivery and the new opportunities and challenges arising from always-connected requirements, issues not addressed by the current third generation ICT regulations.

Other developments

Decrease in international bandwidth tariff

Following the 2014 Budget announcement, the cost of an MT international leased-line circuit (IPLC) was reduced by 16% in January 2014, bringing the price of a 2 Mbps IPLC, on a full circuit basis with restoration, to US$2,499.

GSM network coverage

In response to an exercise carried out by the ICT Authority along motorways in Mauritius to identify dark spots where mobile coverage is poor or inexistent, Cellplus started network development on four new sites along the motorways at Khoyratty, L'Avenir, La Laura and Verdun to improve its network coverage. The new sites will become fully operational by the end of 2015.

Broadband internet over fibre

MT applied for, and was granted, an internet service provider (ISP) licence by the ICT Authority for the provision of fibre broadband internet.

Fight against corruption

Joint efforts by the Independent Commission Against Corruption (ICAC) and various stakeholders in the private sector led to the creation of two platforms which are leading the fight against corruption, the Private Sector Anti-Corruption Task Force (PACT) and the Public Private Platform Against Corruption (PPPAC). MT is a member of both PACT and PPPAC.

Fraud tracking

In its fight to track fraud in the incoming international termination market and in the light of recent decisions from the Supreme Court of Mauritius, the ICT Authority, set up a monitoring committee, involving all ILD operators, to monitor the incoming international termination market. The outcome of this monitoring will be a determining factor that may result in a liberalisation of this market segment.

All-IP transformation

MT made representations to the ICT Authority concerning its plan to migrate its legacy networks to an all-IP infrastructure. Discussions continued with the Authority for the smooth migration to this new infrastructure.

Competition Commission of Mauritius

Further to the moratorium given by Government to network access providers for the deployment of fibre-to-the-home, the Competition Commission of Mauritius agreed that MT's deployment of fibre is not subject to any CCM enquiry given that MT is a new entrant in this market.

Integrated compliance approach

The re-definition of the ICT sector as a key pillar for the development of the economy and the accompanying legislations, regulations and rules regarding fraud, corruption, financial security, staff well-being and safety, IS security, ethics, bribery, anti-trust and data protection, prompted MT to transform its multiple compliance programmes into an integrated compliance approach.

Business support

Committed support to all business units enabled the Company to sustain a high level of operational efficiency whilst contributing towards achieving a satisfactory customer satisfaction index. MT's timely response to more than 150 customer complaints and other matters regarding consumer protection received from the ICT Authority contributed towards the migration to fourth generation regulation in Mauritius.

Network readiness index

Mauritius was ranked 48th in the 2014 Global Information Technology Report published by the World Economic Forum. This ranking gives Mauritius a network readiness index (NRI) of 4.31, compared to an NRI of 4.12 in 2013, with a ranking of 55th. The NRI gives an overview of the current state of ICT readiness in the world.

Human resources

As one of its key roles, HR contributed significantly to the implementation of training projects aimed at improving customer-service standards and developing human capital. Furthermore, to measure MT staff commitment to the organisation, an employee engagement survey was organised in the fourth quarter of 2014.

Customer excellence transformation

Mauritius Telecom started mapping out an ambitious project called Customer Excellence Transformation in January 2013. Several project teams were put together to review our processes and work methods, as well as suggest new approaches to deliver outstanding service. The project was officially launched in February 2014, in the presence of Fabrice André, Senior Vice-President AMEA (Africa, Middle East and Asia).

Good to Great – Training for excellence

One of the main objectives of the Customer Excellence Transformation project is to strengthen the Group's customer service culture and, in this context, a training programme termed Good to Great (G2G) was conducted. It was inspired by an internationally acclaimed customer-care course from the renowned Mary Gober Institute. G2G sensitises employees to the importance of customers to the organisation, with the aim of creating a mindset that will guarantee excellent customer service. It also provides participants with key communication skills and empowers them with the required level of confidence and humility to effectively face any customer situation. By the end of 2014, 774 employees had been trained on the G2G course and it is expected that an additional 1,000 will be trained in 2015.

Orange Campus – Fondamentaux du management

In collaboration with Orange Campus, a four-day intensive course on management basics, Les Fondamentaux du management, was introduced, focusing on relationships and motivation, coaching, team development and empowerment, with some 50 managers and team leaders participating in 2014. Further sessions are scheduled for about 200 employees in the first half of 2015.

Employee engagement survey

In collaboration with an external supplier, an employee engagement survey was carried out on line in the final quarter of 2014. An awareness campaign preceded the launch of the survey with the enlistment of "champions" to encourage wide employee participation. The employee engagement index stands at 68% which is two (2) points higher than TNS World Telecom benchmark. The survey provided very useful insight into both how to consolidate commitment and measures needed to improve it.

MAURITIUS TELECOM FOUNDATION

52
NGO's supported

44
Million rupee
CSR fund

56
Projects

109
Volunteers involved

A committed CSR vehicle in a changing world

An integral part of the Company's strategy and addressing industrial, social and environmental challenges, the MTF's Corporate Social Responsibility (CSR) approach is closely linked to the digital transformation that is taking place. As a committed operator, Mauritius Telecom has to find new ways of transforming lives, in keeping with the expectations of this fast-moving world.

159,619 people benefitted directly or indirectly from the 56 projects initiated by the Foundation in 2014 in Mauritius and Rodrigues. The Foundation collaborated with 52 NGOs and institutions, including nine in Rodrigues, spending a total of Rs44 million.

159,619
Beneficiaries

Mauritius Telecom Foundation (cont'd)

Digital technology: serving education and training in Mauritius

Due to their increasingly important role in economic life and social links across the world, digital services are now almost as essential as access to water and food, accommodation, transport and health services.

Digital technology also represents a formidable driver for education, training and professional integration, and 13% of the MTF's funds were consequently allocated to ICT projects. The Foundation finances 314 of the National Computer Board's (NCB) computer clubs, with a total of 942 work stations that provide free access to the internet and basic training in ICT. More than 60,000 people in Mauritius use this facility each month. 13 computer clubs were provided with tablets on a pilot basis, which proved a great success in terms of public use. The MT Foundation intends to provide more computer clubs with tablets and wi-fi facilities.

Supporting families and facilitating the integration of people with disabilities

Ten NGOs providing care to people with disabilities were financed by the Foundation, representing 19% of its 2014 CSR funds. One of the MTF's major initiatives is Unique comme toi, a battle alongside other institutions to champion an understanding of autism, to evolve mentalities and behaviour, to create appropriate structures and help families.

The MTF seeks to ensure that people with intellectual and physical disabilities are afforded the same opportunities as others.

Providing access to basic education for children

The MTF continued to support the running costs of day-care centres and pre-primary schools, which provide a valuable and safe environment for children while enabling their parents to work or attend training. Those helped were La Maison de L'Enfance in St Croix, Les Abeilles in Vallée Pitot, La Valette in Terre de Paix, the Association Solidarité Mamans in Quatre Bornes and Le Flamboyant in Cité Richelieu.

Education remains a major tool through which people become empowered and the economic, social, and personal well-being of all citizens in a pluralistic society increases. The MTF financed seven NGOs to educate CPE drop-outs and equip them to become "knowledgeable, responsible, socially skilled, healthy, caring and contributing citizens."

In all, MTF financed 19 NGOs working in Education, spending 30% of its 2014 funds on this sector.

Better environment, better tomorrow

The MTF is firmly committed to respecting the environment and the battle to limit climate change. It aims to optimise waste management and find responsible solutions to environmental issues.

Through its ongoing scheme, Je recycle les mobiles et les piles, 14 tons of used batteries and 24,500 used mobile telephones were collected for recycling. The MTF also continued its support to the Mauritius Wildlife Foundation to save the endemic skinks on Round Island, Gunner's Quoin (Coin de Mire) and Ile aux Aigrettes. Meanwhile, 50,000 long-lasting eco-bags were distributed to the public to replace plastic bags.

13% of MTF's funds were spent on the protection and preservation of the environment.

Encouraging sporting activity

The MTF's involvement with sport is not just because of the health effects or its popularity. Team sports support learning, accountability, dedication and leadership, which is why the Foundation supports the Fondation pour la Formation au Football, which trains 4,000 young people every year. MTF also financed Club Maurice for the preparation of Mauritian athletes for the 2015 Indian Ocean Island Games. In all, 11% of MTF funds were used to finance sporting activities.

Other projects

Two percent of the MTF's spending was used to support various other NGOs: Lupus Alert, the Thalassemia Society and Link to Life (Cancer).

A further 3% were used for the restoration of the Old Labourers Quarters in collaboration with Aapravasi Ghat Trust Fund and also the setting up of a learning corner at Beau Bois in partnership with the National Empowerment Foundation (NEF).

In collaboration with the NEF Rodrigues, the MTF spent 9% of its funds on nine projects in Rodrigues for the empowerment of women and young people.

Selfless service to humanity

SEVA (Social engagement and voluntary action) is the MT Group's employee volunteer programme and it again organised various activities in 2014. Employees met with primary school children and distributed school materials to them, and also celebrated Christmas with 240 senior citizens coming from homes, convents and ashrams. 250 children were invited to a cinema show and 65 senior citizens were taken to Casela Bird Park for a visit and lunch. The professional world was explained to 104 students of Gandhian Basic Schools and several creativity days were organised for children to showcase their talents. The MTF choir performed several times during the year and was invited by the Orange Foundation to perform at the Theatre du Chatelet in Paris during La Nuit de la Voix in January 2014.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAURITIUS TELECOM LTD

This report is made solely to the company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **Mauritius Telecom Ltd (the "company") and of its subsidiaries (collectively referred to as the "group")** on pages 57 to 100 which comprise the statements of financial position at 31 December 2014 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 57 to 100 give a true and fair view of the financial position of the group and of the company as at 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report that:

- we have no relationship with, or interests in, the company or any of its subsidiaries, other than in our capacity as auditors;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the Annual Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.

Deloitte
Chartered Accountants

29 April 2015

Twaleb Butonkee, FCA
Licensed by FRC

Contents

Statements of Financial Position

At 31 December 2014

		THE GROUP		THE COMPANY	
		2014	2013	2014	2013
	Notes	Rs 000s	Rs 000s	Rs 000s	Rs 000s
ASSETS					
Non-current assets					
Property, plant and equipment	5	**9,753,908**	9,276,328	**6,815,269**	6,378,683
Goodwill	6	**-**	80,980	**-**	-
Intangible assets	7	**444,955**	398,954	**384,066**	334,318
Investments in subsidiaries	8	**-**	-	**422,408**	270,961
Investments in associates	9	**329,654**	290,099	**40,935**	40,935
Available-for-sale investments	10	**9,341**	8,971	**9,341**	8,971
Loan to a subsidiary	11	**-**	-	**357,611**	133,651
Deferred tax asset	18	**-**	-	**8,441**	-
Total non-current assets		**10,537,858**	10,055,332	**8,038,071**	7,167,519
Current assets					
Inventories	12	**572,549**	444,088	**380,686**	283,677
Trade receivables	13	**1,201,626**	1,428,339	**889,993**	996,757
Other receivables	14	**447,143**	439,057	**843,031**	1,499,796
Loan to a subsidiary	11	**-**	-	**27,333**	33,413
Cash and cash equivalents		**1,664,904**	3,417,352	**1,586,274**	3,312,872
Total current assets		**3,886,222**	5,728,836	**3,727,317**	6,126,515
Total assets		**14,424,080**	15,784,168	**11,765,388**	13,294,034
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	**190,000**	190,000	**190,000**	190,000
Fair value reserve	16	**2,866**	2,496	**2,866**	2,496
Translation reserve		**(2,272)**	(12,824)	**-**	-
Retained earnings		**6,063,771**	6,095,446	**4,701,459**	4,814,369
Equity attributable to owners of the Company		**6,254,365**	6,275,118	**4,894,325**	5,006,865
Non-controlling interest		**(4,233)**	(3,004)	**-**	-
Total equity		**6,250,132**	6,272,114	**4,894,325**	5,006,865
Non-current liabilities					
Loans	17	**193,613**	240,605	**-**	-
Deferred tax liabilities	18	**100,817**	134,607	**-**	37,240
Retirement benefit obligations	19	**3,031,314**	2,650,692	2,936,007	2,567,437
Total non-current liabilities		**3,325,744**	3,025,904	2,936,007	2,604,677
Current liabilities					
Loans	17	**31,424**	1,931	**-**	-
Trade payables	20	**1,936,901**	2,467,350	**1,253,800**	1,560,779
Other payables and accrued expenses	21	**1,247,218**	1,254,231	**1,335,359**	1,549,021
Deferred revenue	22	**331,529**	321,624	**204,764**	218,205
Dividends	23	**782,800**	2,002,600	**782,800**	2,002,600
Current tax liabilities		**158,459**	117,388	**62,472**	84,855
Provisions	24	**359,873**	321,026	**295,861**	267,032
Total current liabilities		**4,848,204**	6,486,150	**3,935,056**	5,682,492
Total liabilities		**8,173,948**	9,512,054	**6,871,063**	8,287,169
Total equity and liabilities		**14,424,080**	15,784,168	**11,765,388**	13,294,034

Approved by the Board of Directors and authorised for issue on 29 April 2015.

S Seebaluck, GOSK	) Name of Directors signing		J D Phokeer	) Name of Directors signing	
	) **DIRECTORS**			) **DIRECTORS**	
	)			)	

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		THE GROUP		THE COMPANY	
		2014	2013	2014	2013
	Notes	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Revenue	25	**9,103,813**	8,494,839	**5,487,270**	5,016,121
Cost of sales		**(1,903,737)**	(1,609,677)	**(1,068,890)**	(1,034,724)
Gross profit		**7,200,076**	6,885,162	**4,418,380**	3,981,397
Operating expenses		**(5,874,002)**	(5,104,018)	**(4,449,426)**	(3,923,418)
Profit/(loss) from operations	26	**1,326,074**	1,781,144	**(31,046)**	57,979
Other income	27	**99,399**	42,349	**538,816**	523,114
Other (losses)/gains	28	**(12,966)**	30,431	**(79,505)**	24,757
Investment income	29	**43,159**	107,793	**757,351**	1,196,432
Finance costs	30	**(19,432)**	(4,014)	**(40,456)**	(43,936)
Share of profits from associates	9	**53,611**	87,069	**-**	-
Profit before tax		**1,489,845**	2,044,772	**1,145,160**	1,758,346
Income tax expense	18	**(498,614)**	(613,417)	**(232,217)**	(296,723)
PROFIT FOR THE YEAR		**991,231**	1,431,355	**912,943**	1,461,623
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefit obligation		**(241,335)**	(345,480)	**(243,053)**	(311,602)
Items that will not be reclassified subsequently to profit or loss					
Fair value gain on available-for-sale-investments		**370**	308	**370**	308
Exchange difference on translating foreign operations		**10,552**	(11,647)	**-**	-
Other comprehensive loss for the year net of tax		**(230,413)**	(356,819)	**(242,683)**	(311,294)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**760,818**	1,074,536	**670,260**	1,150,329
Profit for the year attributable to:					
Owners of the Company		**992,460**	1,436,706	**912,943**	1,461,623
Non-controlling interest		**(1,229)**	(5,351)	**-**	-
		991,231	1,431,355	**912,943**	1,461,623
Total comprehensive income for the year attributable to:					
Owners of the company		**762,047**	1,080,765	**670,260**	1,150,329
Non-controlling interest		**(1,229)**	(6,229)	**-**	-
		760,818	1,074,536	**670,260**	1,150,329
Earnings Per Share	31	**5.22**	7.56		

The notes on pages 61 to 100 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Stated capital Rs 000s	Fair value reserve Rs 000s	Translation reserve Rs 000s	Retained earnings Rs 000s	Attributable to Owners of the Company Rs 000s	Non-controlling Interest Rs 000s	Total Rs 000s
GROUP								
At 1 January 2013		190,000	2,188	(2,055)	7,006,820	7,196,953	-	7,196,953
Profit for the year		-	-	-	1,436,706	1,436,706	(5,351)	1,431,355
Other comprehensive income for the year, net of income tax		-	308	(10,769)	(345,480)	(355,941)	(878)	(356,819)
Total comprehensive income for the year		-	308	(10,769)	1,091,226	1,080,765	(6,229)	1,074,536
Non-controlling interest arising on acquisition of a subsidiary		-	-	-	-	-	3,225	3,225
Dividends	23	-	-	-	(2,002,600)	(2,002,600)	-	(2,002,600)
At 31 December 2013		190,000	2,496	(12,824)	6,095,446	6,275,118	(3,004)	6,272,114
Profit for the year		-	-	-	992,460	992,460	(1,229)	991,231
Other comprehensive income for the year, net of income tax		-	370	10,552	(241,335)	(230,413)	-	(230,413)
Total comprehensive income for the year		-	370	10,552	751,125	762,047	(1,229)	760,818
Dividends	23	-	-	-	(782,800)	(782,800)	-	(782,800)
At 31 December 2014		190,000	2,866	(2,272)	6,063,771	6,254,365	(4,233)	6,250,132

	Notes	Stated capital Rs 000s	Fair value reserve Rs 000s	Retained earnings Rs 000s	Total Rs 000s
COMPANY					
At 1 January 2013		190,000	2,188	5,666,948	5,859,136
Profit for the year		-	-	1,461,623	1,461,623
Other comprehensive loss for the year, net of income tax		-	308	(311,602)	(311,294)
Total comprehensive income for the year		-	308	1,150,021	1,150,329
Dividends	23	-	-	(2,002,600)	(2,002,600)
At 31 December 2013		190,000	2,496	4,814,369	5,006,865
Profit for the year		-	-	912,943	912,943
Other comprehensive loss for the year, net of income tax		-	370	(243,053)	(242,683)
Total comprehensive income for the year		-	370	669,890	670,260
Dividends	23	-	-	(782,800)	(782,800)
At 31 December 2014		190,000	2,866	4,701,459	4,894,325

The notes on pages 61 to 100 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	THE GROUP 2014 Rs 000s	THE GROUP 2013 Rs 000s	THE COMPANY 2014 Rs 000s	THE COMPANY 2013 Rs 000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,489,845	2,044,772	1,145,160	1,758,346
Adjustments for:-					
Profit on disposal of property, plant and equipment		(3,345)	(2,334)	(3,230)	(2,334)
Interest expense		18,349	2,983	40,252	43,722
Interest income		(38,442)	(104,213)	(98,577)	(161,264)
Dividend income		(4,717)	(3,580)	(658,774)	(1,035,168)
Retirement benefit obligations		96,699	204,564	82,625	198,413
Share of profits of associates		(53,611)	(87,069)	-	-
Depreciation and amortisation		1,757,848	1,360,321	1,209,974	952,082
Goodwill write off		80,980	-	-	-
Impairment loss on property, plant and equipment		9,638	12,680	6,128	-
Impairment loss on intangible asset		513	426	513	-
Gain on deemed disposal of an associate		-	(16,127)	-	-
Provision for impairment of other investments		-	2,300	-	2,300
Provision for impairment of subsidiary		-	-	127,500	-
Provision for obsolete stock		6,212	29,260	5,349	28,582
Provision for bad debts		(4,029)	(32,364)	(9,220)	(27,868)
Unrealised finance cost		1,083	1,031	204	213
Unrealised exchange loss/(gain)		3,775	166	(35,350)	(36,194)
Operating profit before working capital changes		3,360,798	3,412,816	1,812,554	1,720,830
Decrease/(increase) in trade receivables		200,268	(151,481)	122,209	(11,815)
(Increase)/decrease in other receivables		(9,167)	13,456	828,537	598,139
(Increase)/decrease in inventories		(134,673)	(71,486)	(102,358)	(11,614)
(Decrease)/increase in trade payables		(526,714)	585,354	(310,030)	306,498
Decrease in other payables and accrued expenses		(43,346)	(320,142)	(247,448)	(303,937)
Increase/(decrease) in deferred revenue		9,905	(7,399)	(13,441)	(44,776)
Increase/(decrease) in provisions		35,997	50,078	28,625	19,082
Cash generated from operations		2,893,068	3,511,196	2,118,648	2,272,407
Interest paid		(18,349)	(2,982)	-	-
Taxation paid		(448,745)	(760,271)	(235,569)	(416,314)
Net cash flows generated from operating activities		2,425,974	2,747,943	1,883,079	1,856,093
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(2,077,084)	(1,841,202)	(1,569,385)	(1,225,123)
Purchase of intangible assets		(175,257)	(197,276)	(140,130)	(12,706)
Proceeds from sale of property, plant and equipment		3,767	6,119	3,330	5,286
Net cash outflow on acquisition of a subsidiary		-	(428)	-	-
Interest received		38,442	104,213	48,158	99,049
Dividend received		18,774	59,168	18,774	59,168
Net cash used in investing activities		(2,191,358)	(1,869,406)	(1,639,253)	(1,074,326)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loan by a subsidiary		(17,499)	(45,650)	-	-
Dividend paid		(2,002,600)	(2,242,000)	(2,002,600)	(2,242,000)
Net cash used in financing activities		(2,020,099)	(2,287,650)	(2,002,600)	(2,242,000)
Net decrease in cash and cash equivalents		(1,785,483)	(1,409,113)	(1,758,774)	(1,460,233)
Cash and cash equivalents at beginning of the year		3,417,352	4,785,558	3,312,872	4,734,016
Effect of exchange rate changes on the balance of cash held in foreign currencies		33,035	40,907	32,176	39,089
Cash and cash equivalents at end of the year		1,664,904	3,417,352	1,586,274	3,312,872

The notes on pages 61 to 100 form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. General information

Mauritius Telecom Ltd is a public company incorporated in Mauritius. Its registered office and principal place of business is Telecom Tower, Edith Cavell Street, Port Louis. It is engaged in the provision of telecommunication services and the principal activities of its subsidiaries are described in note 8.

2. Application of new and revised international financial reporting standards (IFRS)

In the current year, the group and the company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2014.

2.1 New and revised IFRS's applied with no material impact on amounts reported and /or disclosures in the financial statements.

The following relevant new and revised standards and interpretations have been applied in these financial statements. Their application has not had any significant impact on the amounts reported and/or disclosures in these financial statements but may impact the accounting for future transactions or arrangements.

IAS 27 Separate Financial Statements - Amendments for investment entities
IAS 32 Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities
IAS 36 Impairment of Assets - Amendments arising from recoverable amount disclosures for Non-Financial Assets
IAS 39 Financial Instruments: Recognition and measurement - Amendments for novations of derivatives
IFRS 10 Consolidated Financial Statements - Amendments for investment entities
IFRS 12 Disclosures of interests in Other Entities - Amendments for investment entities

2.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative (effective 1 January 2016)
IAS 16 Property, plant and Equipment - Amendments resulting from Annual Improvements 2010 - 2012 cycle (proportionate restatement of accumulated depreciation on revaluation) (effective 1 July 2014)
IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)
IAS 16 Property, Plant and Equipment – Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)
IAS 19 Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service (effective 1 July 2014)
IAS 19 Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRS (effective 1 January 2016)
IAS 24 Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)
IAS 27 Separate Financial Statements – Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective 1 January 2016)
IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)
IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IAS 38 Intangible assets - Amendments resulting from Annual Improvements 2010 - 2012 cycle (proportionate restatement of accumulated depreciation on revaluation) (effective 1 July 2014)
IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

2. Application of new and revised international financial reporting standards (IFRS) (cont'd)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7 Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)
IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IFRS 12 Disclosure of Interests in Other Entities – Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (Short-term receivables and payables) (Amendments to basis for conclusion only) (effective 1 July 2014)
IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52) (effective 1 July 2014)
IFRS 15 Revenue from Contracts with Customers - Original issue (Applies to an entity's first annual IFRS financial statements) (effective 1 January 2017)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

3. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

• has power over the investee;

• is exposed, or has rights, to variable returns from its involvement with the investee; and

• has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

• the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

• potential voting rights held by the Company, other vote holders or other parties;

• rights arising from other contractual arrangements; and

• any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the

(c) Basis of consolidation (cont'd)

non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Investments in subsidiaries

In the company's financial statements, investments in subsidiaries are accounted for at cost less any impairment loss. Subsidiaries are those companies over which the company has the power to govern the financial and operating policies of an entity and can exercise control.

(e) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group's accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(f) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

• deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(g) Revenue recognition

Revenue relates to telephone services, data communication services, sale of equipment, prepaid phone cards and other corollary services.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is shown net of Value Added Tax.

Sales of goods and services rendered

Revenue from the sale of goods and services rendered is recognised when all the following conditions are satisfied:

• the group and the company have transferred to the buyer the significant risks and rewards of ownership of the goods;
• the group and the company retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• the amount of revenue can be measured reliably;
• it is probable that the economic benefits associated with the transaction will flow to the entity; and
• the costs incurred or to be incurred in respect of the transaction can be measured reliably.

A percentage of telephone traffic, both domestic and international, originating from the company's subscribers, transits and terminates on other operators' (domestic or international) network. A proportion of the revenue the company collects from its subscribers is paid to the other operator for transit or termination of traffic on its network.

Revenue represents income from services provided through advertisement in phone books, fax and email directories and is shown net of discounts, allowances, returns and Value Added Tax.

Commission

Commission income represents revenue recognised for activities performed by the company as an agent in relation to media planning transactions.

These revenues and costs are stated gross in the financial statements.

Deferred revenue

Sale of prepaid phone cards is not recognised as revenue outright since subscriber does not consume all the credit at once. In order to provide a more accurate matching of revenues with the direct costs, revenue is recognised on usage basis and a deferred revenue liability is recorded for the remaining balance.

Dividend and interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income is recognised on an accruals basis.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method as follows:-

Plant and equipment	- 2 to 20 years
Buildings	- 5 to 25 years
Furniture, fittings and equipment	- 5 to 10 years
Motor vehicles	- 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Plant and equipment in progress are capitalised based on the percentage of completion method and are stated at cost. No depreciation is provided until such time as the relevant assets are completed and available for use.

No depreciation is provided on freehold land.

(i) Intangible assets

• Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

• Computer software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life of 5 years.

(j) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the group and the company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group and the company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash

(j) Impairment of tangible and intangible assets other than goodwill (cont'd)

flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the invoice value of materials on a first-in, first-out (FIFO) basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The costs of inventories comprise all costs of purchase and other costs incurred in bringing the Inventories to their present location and condition.

(l) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

• exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
• exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
• exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the

Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.
Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's and the company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group and the company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group and the company intend to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred taxes for the year

Current and deferred taxes are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(n) Cash and cash equivalents

Cash comprises cash at bank and in hand, demand deposits and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(o) Retirement benefit costs and termination benefits

The group and the company operate a number of defined benefit plans, the assets of which are held with State Insurance Company of Mauritius Ltd and Anglo Mauritius Assurance Society Ltd.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).

- Net interest expense or income.

- Re-measurement.

The Group and the company present the first two components of defined benefit costs in profit or loss in the line item operating expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligations recognised in the statements of financial position represent the actual deficit or surplus in the Group's and the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(p) Financial assets

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(ii) Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated AFS or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss account. Listed shares held by the group and the company that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the group's and the company's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(iii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's and the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

(p) Financial assets (cont'd)

(iv) Impairment of financial assets (cont'd)

For financial assets that are carried at cost, the amount of the impairment because of financial difficulties, loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investment revaluation reserve.

(v) Derecognition of financial assets

The group and the company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group and the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group and the company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the group and the company retain substantially all the risks and rewards of ownership of a transferred financial asset, the group and the company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(q) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group and the company are recorded at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing in the near future; or
• it is a part of an identified portfolio of financial instruments that the group and the company manage together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

(v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(vi) Derecognition of financial liabilities

The group and the company derecognises financial liabilities when, and only when, the group's and the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognised in profit or loss.

(r) Derivatives

The Group and the company enter into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(s) Provisions

Provisions are recognised when the group and the company have a present obligation as a result of a past event, and it is probable that the group and the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of each reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(s) Provisions (cont'd)

Restructuring

A restructuring provision is recognised when the group and the company have developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are these amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(t) Leases

The group and the company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

(u) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(w) Comparative figures

Comparative figures have been regrouped or restated, where necessary to conform to the current year's presentation.

4. Accounting judgements and key sources of estimation uncertainty

In the process of applying the group's and the company's accounting policies, which are described in note 3, the directors and management are required to exercise judgement and also to use estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results may differ as a result of changes in these estimates.

Estimations and assumptions that have a significant effect on the amounts recognised in the financial statements include:

(i) Estimated useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Estimates of useful lives and residual values carry a degree of uncertainty due to technological change and obsolescence. The directors have used current information relating to expected use of assets and have benchmarked itself with its counterparts within the same industry in order to determine the useful lives and residual values of property, plant and equipment.

(ii) Revenue recognition - Use of estimates

Revenue and expenses recognised in the statement of profit or loss and other comprehensive income include estimates for the fair value of services rendered during the reporting period but not yet billed. Although these estimates are based on management's best knowledge of current events and actions, management believe that they are not expected to be significantly different from actual results.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

(iii) Impairment of assets

The guidance provided by IAS 36 has been followed in determining whether an investment needs to be impaired. This determination requires significant judgement. In making this judgement, the directors evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iv) Defined benefit pension plan

The group and the company operate a number of defined benefit pension plans for their employees. The value of the defined benefit pension fund is based on reports submitted by an independent actuarial firm. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which costs would be dependent on returns on assets, future discount rates, rates of salary increases, retirement age and inflation rate in respect of the pension plans.

(v) Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

(vi) Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

(vii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating unit to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2014 was Rs 000s Nil (2013: Rs 000s 80,980) after an impairment loss of Rs 000s 80,980 (2013: Rs 000s Nil) was recognised during 2014. Details of the impairment loss calculation are set out in note 6.

5. Property, plant and equipment

(a) THE GROUP

	Land	Plant and equipment	Plant and equipment in progress	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2013	45,133	21,853,787	595,489	968,806	1,459,734	62,824	24,985,773
Acquisitions through business combination	-	3,331,538	-	-	-	-	3,331,538
Additions	3,822	1,118,476	613,911	130,272	23,140	3,563	1,893,184
Disposals	-	(42,611)	-	-	-	(4,916)	(47,527)
Transfer	-	391,864	(391,864)	-	-	-	-
Adjustments	-	14,981	-	-	(23,517)	-	(8,536)
Effect of foreign currency exchange differences	-	(194,935)	-	-	-	-	(194,935)
At 31 December 2013	48,955	26,473,100	817,536	1,099,078	1,459,357	61,471	29,959,497
Acquisitions through business combination	-	-	-	-	-	-	-
Additions	53,825	1,492,414	449,297	28,520	20,319	60,627	2,105,002
Disposals	-	(119,896)	-	-	-	(19,273)	(139,169)
Transfer	-	320,001	(320,001)	-	-	-	-
Reclassification from intangible assets to tangible assets	-	-	-	-	118	-	118
Adjustments	-	-	-	-	(3,023)	-	(3,023)
Effect of foreign currency exchange differences	-	(17,023)	-	-	-	-	(17,023)
At 31 December 2014	102,780	28,148,596	946,832	1,127,598	1,476,771	102,825	31,905,402
DEPRECIATION							
At 1 January 2013	-	15,618,956	-	489,148	632,884	54,115	16,795,103
Acquisition through business combination	-	2,841,531	-	-	-	-	2,841,531
Charge for the year	-	1,171,271	-	59,566	20,302	2,401	1,253,540
Disposals	-	(41,778)	-	-	-	(1,964)	(43,742)
Adjustments	-	14,981	-	(34,062)	-	-	(19,081)
Impairment loss	-	12,680	-	-	-	-	12,680
Effect of foreign currency exchange differences	-	(156,862)	-	-	-	-	(156,862)
At 31 December 2013	-	19,460,779	-	514,652	653,186	54,552	20,683,169
Charge for the year	-	1,512,808	-	64,384	20,024	20,742	1,617,958
Disposals	-	(119,510)	-	-	-	(19,237)	(138,747)
Adjustments	-	-	-	-	(3,023)	-	(3,023)
Impairment loss	-	9,638	-	-	-	-	9,638
Effect of foreign currency exchange differences	-	(17,501)	-	-	-	-	(17,501)
At 31 December 2014	-	20,846,214	-	579,036	670,187	56,057	22,151,494
NET BOOK VALUE							
At 31 December 2014	102,780	7,302,382	946,832	548,562	806,584	46,768	9,753,908
At 31 December 2013	48,955	7,012,321	817,536	584,426	806,171	6,919	9,276,328

During the year the group performed an impairment review of the assets which required the recognition of an impairment loss of Rs 000s 9,638 (2013: Rs 000s 12,680). The impairment is recognised within operating expenses as per note 26. The loan of a subsidiary is secured against property, plant and equipment of the subsidiary.

5. Property, plant and equipment (cont'd)

(b) THE COMPANY

	Land	Plant and equipment	Plant and equipment in progress	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2013	23,749	17,245,944	595,489	616,184	1,279,844	57,313	19,818,523
Additions	-	620,588	613,911	29,173	15,438	3,563	1,282,673
Disposals	-	(41,778)	-	-	-	(4,916)	(46,694)
Transfer	-	391,864	(391,864)	-	-	-	-
Adjustment	-	14,981	-	-	(23,517)	-	(8,536)
At 31 December 2013	23,749	18,231,599	817,536	645,357	1,271,765	55,960	21,045,966
Additions	-	1,029,122	449,297	14,240	10,412	60,575	1,563,646
Disposals	-	(102,963)	-	-	-	(19,273)	(122,236)
Transfer	-	320,001	(320,001)	-	-	-	-
At 31 December 2014	23,749	19,477,759	946,832	659,597	1,282,177	97,262	22,487,376
DEPRECIATION							
At 1 January 2013	-	12,758,849	-	456,120	554,603	48,605	13,818,177
Charge for the year	-	871,478	-	35,781	2,269	2,401	911,929
Disposals	-	(41,778)	-	-	-	(1,964)	(43,742)
Adjustment	-	14,981	-	(34,062)	-	-	(19,081)
At 31 December 2013	-	13,603,530	-	457,839	556,872	49,042	14,667,283
Charge for the year	-	1,061,367	-	35,296	3,480	20,689	1,120,832
Disposals	-	(102,899)	-	-	-	(19,237)	(122,136)
Impairment	-	6,128	-	-	-	-	6,128
At 31 December 2014	-	14,568,126	-	493,135	560,352	50,494	15,672,107
NET BOOK VALUE							
At 31 December 2014	23,749	4,909,633	946,832	166,462	721,825	46,768	6,815,269
At 31 December 2013	23,749	4,628,069	817,536	187,518	714,893	6,918	6,378,683

During the year the company performed an impairment review of the assets which required the recognition of an impairment loss of Rs 000s 6,128.(2013: Rs 000s Nil). The impairment was recognised within operating expenses as per note 26.

6. Goodwill

The goodwill arose on the acquisition of an additional 30% equity interest in Telecom Plus in 2006. The goodwill has been allocated to the subsidiary's internet service business which is the cash generating unit (CGU) for impairment testing purposes.

The group tests goodwill annually for impairment if there are indications that goodwill might be impaired.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the directors covering a one year period. Cash flows beyond the one year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate of the respective sector in which the CGU operates.

The discount rates used are pre-tax and reflect specific risks of the CGU.
Key assumptions used for value-in-use calculations:

Growth rate	5%
Discount rate	15%

At 31 December 2014, the directors have decided to impair the goodwill which arose on acquisition of Telecom Plus since the demand from corporate customers for enhanced and resilient services has led to a decrease in the traditional services as provided by the subsidiary. The business of Telecom Plus has been affected and the subsidiary has reported losses for the last two years.

7. Intangible assets

	THE GROUP	THE COMPANY
	Computer Software	
	Rs 000s	Rs 000s
COST		
At 1 January 2013	1,286,463	846,836
Additions	198,459	130,550
At 31 December 2013	1,484,922	977,386
Reclassification from intangible assets to tangible assets	(118)	-
Additions	186,522	139,403
At 31 December 2014	1,671,326	1,116,789
AMORTISATION		
At 1 January 2013	959,680	583,834
Charge for the year	125,862	59,234
Impairment loss	426	-
At 31 December 2013	1,085,968	643,068
Charge for the year	139,890	89,142
Impairment loss	513	513
At 31 December 2014	1,226,371	732,723
NET BOOK VALUE		
At 31 December 2014	444,955	384,066
At 31 December 2013	398,954	334,318

Intangible asset pertains to computer software used in the group's and the company's operations and financial information systems.

The impairment loss recognised during the current year and included in operating expenses pertains to items no longer being supported by the manufacturer.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

8. Investments in subsidiaries

	THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
At cost, unquoted		
At beginning of year	270,961	270,961
Addition	278,947	-
Impairment during the year	(127,500)	-
At end of year	422,408	270,961

During the year, following a Board resolution dated 25 April 2014, the loan (note 11) along with unpaid interest and amount receivable between Mauritius Telecom Ltd and MT International Ventures Ltd were converted into equity.

The directors have assessed at 31 December 2014 whether there has been any indication that investment in subsidiaries should be impaired. Following the results of this assessment, the directors have decided to impair the investment in Telecom Plus since the demand from corporate customers for enhanced and resilient services has led to a decrease in the traditional services as provided by the subsidiary. The business of Telecom Plus has been affected and the subsidiary has reported losses for the last two years.

During the year, the group incorporated a new entity, CSL Madagascar through MT International Ventures Ltd.

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2014	2013		Principal activity
Teleservices (Mauritius) Ltd	Mauritius	Ordinary	100%	100%	Direct	Directory publication
Cellplus Mobile Communications Ltd	Mauritius	Ordinary	100%	100%	Direct	Mobile phone operator
Call Services Ltd	Mauritius	Ordinary	100%	100%	Direct	Call centre services
Telecom Plus Ltd	Mauritius	Ordinary	100%	100%	Direct	Internet service provider
Mauritius Telecom Foundation	Mauritius	Ordinary	100%	100%	Direct	Corporate Social Responsibilities
MT Properties Ltd	Mauritius	Ordinary	100%	100%	Direct	Real estates
MT International Ventures Ltd	Mauritius	Ordinary	100%	100%	Direct	Investment vehicle
MT Services Ltd	Mauritius	Ordinary	100%	100%	Direct	Human resources services
Telecom Vanuatu Ltd	Republic of Vanuatu	Ordinary	90%	90%	Indirect	Fixed & mobile phone operator
CSL Madagascar	Madagascar	Ordinary	100%	-	Indirect	Call centre services

The group has a 90% equity interest in Telecom Vanuatu Ltd and the non-controlling interest is not material to the group.

9. Investments in associates

THE GROUP

	2014	2013
	Rs 000s	Rs 000s
Costs of investment in associates	85,346	85,346
Impairment loss	(44,411)	(44,411)
Share of post-acquisition profits, net of dividend received	288,719	249,164
	329,654	290,099

THE COMPANY

	2014	2013
	Rs 000s	Rs 000s
Costs of investment in associates	85,346	85,346
Impairment loss	(44,411)	(44,411)
	40,935	40,935

The directors have assessed at 31 December 2014 whether there has been any indication that investment in associates should be impaired. Following the results of this assessment, the directors have noted that there are no indications of impairment.

(a) The material associates of the group are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest			Principal activity
			2014	2013		
Telsea Investment Ltd	Mauritius	Ordinary	24.50%	24.50%	Direct	Investment holding

Summarised financial information in respect of the group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with International Reporting Standards.

THE GROUP

	2014	2013
	Rs 000s	Rs 000s
Current assets	645,849	806,734
Non-current assets	2,189,360	2,038,545
Current liabilities	(1,263,538)	(1,030,050)
Non-current liabilities	(383,647)	(558,926)
Net assets	1,188,024	1,256,303
Group's share of associate's net assets	310,852	274,832
Revenue	3,101,027	2,920,370
Profit for the year	211,832	384,075
Other comprehensive income for the year	-	-
Total comprehensive income for the year	211,832	384,075
Dividend received	14,057	55,588
Group's share of profit of associates for the year	51,898	94,098

The non-material associates of the group are as follows:

NAME OF COMPANY	Country of incorporation	Class of shares	Proportion of ownership interest			Principal activity
			2014	2013		
HDM Interactive Ltd	Mauritius	Ordinary	30%	30%	Direct	Internet Kiosks
Continuity Mauritius Co Ltd	Mauritius	Ordinary	50%	50%	Direct	Business Continuity Services

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

9. Investments in associates (cont'd)

Aggregate information of associates that are not individually material:

	2014	2013
	Rs 000s	Rs 000s
Total assets	47,950	47,163
Total liabilities	(29,882)	(31,249)
Net assets	18,068	15,914
Group's share of associates' net assets	18,802	15,267
Revenue	25,246	33,076
Profit /(loss) for the year	2,154	(8,885)
Group's share of profit/(loss) of associates for the year	1,713	(7,029)

(b) Unrecognised share of losses of an associate

	2014	2013
	Rs 000s	Rs 000s
Unrecognised share of loss of an associate	-	26,755
Cumulative share of loss of an associate	-	-

10. Available-for-sale investments

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
(a) At cost		
At beginning and end of year	60,270	60,270
Impairment		
At beginning and end of year	55,795	55,795
Carrying amount		
At beginning and end of year	4,475	4,475

The directors believe that the market value of these investments approximate their costs.

The available for sale investments carried at cost less any impairment relate to investment in shares in unquoted companies.

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
(b) At fair value		
At beginning and end of year	4,496	4,188
Change in fair value	370	308
At the end of year	4,866	4,496
Total	9,341	8,971

The available for sale investments carried at fair value relate to investment in SBM Universal Fund. Fair value is determined by reference to publicly available NAV prices at the close of business at the end of each reporting date.

11. Loan to a subsidiary

	THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
At beginning of year	167,064	163,007
Addition	410,000	-
Repayment	(25,056)	-
Conversion into equity	(167,064)	-
Exchange difference	-	4,057
At end of year	384,944	167,064
Analysed as:		
Current	27,333	33,413
Non-current	357,611	133,651
	384,944	167,064

A new loan of Rs410 million has been granted to a subsidiary. The loan is unsecured, repayable as from January 2014 on a monthly basis and bears interest at 7% per annum.

During the year, the Board approved the conversion of loan between Mauritius Telecom Ltd and MT International Ventures Ltd into equity.

12. Inventories

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trading inventories at cost	250,179	219,734	54,320	59,599
Provision for obsolete stock	(22,786)	(16,574)	(15,096)	(9,747)
	227,393	203,160	39,224	49,852
Non-trading inventories at cost	382,720	278,492	379,026	271,389
Provision for obsolete stock	(37,564)	(37,564)	(37,564)	(37,564)
	345,156	240,928	341,462	233,825
	572,549	444,088	380,686	283,677

Non-trading inventories pertain to items held for use in the maintenance of network infrastructure.

13. Trade receivables

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables	2,094,740	2,325,482	1,530,366	1,646,350
Provision for doubtful debts	(893,114)	(897,143)	(640,373)	(649,593)
	1,201,626	1,428,339	889,993	996,757

Before accepting any new customer, the group and the company use an internal credit assessment system to determine whether to give credit.

The average credit period on sales of goods and services is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, a surcharge is charged at 10% on the outstanding balance.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

13. Trade receivables

Included in the Group's and the Company's trade receivables are debtors with a carrying amount of Rs 000s 422,637 (2013: Rs 000s 492,259) and Rs 000s 302,942 (2013: Rs 000s 366,884) respectively which are past due at the reporting date and not fully provided for as there has been no significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral over these balances.

All other past due debts have been impaired as per approved policy.

Provision made for trade receivables is determined based on the Group's and the Company's historical loss experience for the relevant aged category and taking into account general economic conditions. Historical loss experience allowances are calculated by line of business in order to reflect the specific nature of the customers relevant to that line of business.

Trade receivables include balances due from shareholders as disclosed in note 34.

More information on credit risk management is provided in note 32.8.

Movement in provision for doubtful debts

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	897,143	929,507	649,593	677,461
Acquired in business combination	-	9,507	-	-
Impairment losses recognised on trade receivables	12,118	35,741	12,118	-
Amounts written off	(33,525)	(49,744)	(21,338)	-
Increase/(decrease) in allowance recognised during the year	17,378	-	-	-
Reversal during the year	-	(27,868)	-	(27,868)
At end of year	893,114	897,143	640,373	649,593

In determining the recoverability of trade receivables, the group and the company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited, except for trade receivables from subsidiaries, due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for doubtful debts.

Included in the provision for doubtful debts are individually impaired trade receivables amounting to Rs 24m (2013: Rs 31m) which relates to customers with high probability of default on payments due. The group and the company do not hold any collateral over these balances.

Ageing of impaired trade receivables

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Under 180 days	123,396	150,304	105,864	118,568
181 to 360 days	53,382	73,476	39,911	42,947
> 360 days	716,336	673,363	494,598	488,078
Total	893,114	897,143	640,373	649,593

Trade receivables past due but not impaired

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Under 180 days	300,845	378,336	234,065	308,235
181 to 360 days	119,171	110,337	66,256	55,063
> 360 days	2,621	3,586	2,621	3,586
Total	422,637	492,259	302,942	366,884

14. Other receivables

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Outside parties	444,253	424,852	269,491	312,796
Forward exchange contracts	293	-	293	-
Subsidiaries	-	-	500,010	1,093,014
Associates	1,987	1,526	1,987	1,526
Related parties	610	12,679	610	-
Tax receivable	-	-	70,640	92,460
	447,143	439,057	843,031	1,499,796

The unsecured amounts due from subsidiaries bear interest at 8.15% per annum (2013: between 8.15% and 8.40% per annum) and do not have any fixed repayment terms. The company does not hold collaterals over these balances.

The amounts due from associates and related parties are unsecured, interest free and do not have fixed terms of repayment.

The other receivables from outside parties are unsecured, interest free and do not have fixed terms of repayment.

15. Stated capital

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
Issued and fully paid up		
190,000,001 Ordinary shares of Rs1 each	190,000	190,000

The constitution of the company was amended at an extraordinary meeting held on 22 November 2000 whereby it was resolved to increase the authorised and issued share capital of the company by the creation and issue of one special share of one rupee. The special share was issued to the Government of the Republic of Mauritius and has special rights as stated in the amended constitution.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

16. Fair value reserve

The fair value reserve relates to investment in SBM Universal fund which has been classified as available-for-sale investments.

The movement during the year are provided in the table below:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
At beginning of year	2,496	2,188
Movement for the year	370	308
At end of year	2,866	2,496

17. Loans

The loans pertain to those of a subsidiary which are as follows:

	THE GROUP	
	2014	2013
	Rs 000s	Rs 000s
Bank loan	190,517	203,527
Other loan	4,823	6,944
Shareholder's loan	29,697	32,065
	225,037	242,536
Analysed as:		
Current	31,424	1,931
Non-current	193,613	240,605
	225,037	242,536

(a) The bank loan is denominated in Vatu and carries interest at 8.99% per annum payable for the first year in quarterly instalments. The term of the loan is 5 years and is secured against the property of the subsidiary, Telecom Vanuatu Ltd.

(b The other loan is an unsecured Euro loan which carries interest at 3% per annum repayable in forty half yearly instalments commencing 30 April 1998.

(c) The shareholder loan carries interest at Euribor 6 month rate + 4.63% per annum. The loan is repayable by 30 June 2015.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

18. Income taxes

The group and the company are subject to income tax at the statutory rate of 15% (2013: 15%) on the profit for the year as adjusted for tax purposes. Income is not subject to tax in the Republic of Vanuatu.

18.1 Income tax recognised in profit or loss

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current tax liabilities	225,620	260,156	73,988	61,731
(Over)/Under provision of tax in previous year	(912)	1,605	-	-
Deferred tax expense	8,214	45,146	(2,789)	44,580
	232,922	306,907	71,199	106,311
Solidarity levy	265,692	306,510	161,018	190,412
Tax expense	498,614	613,417	232,217	296,723

18.2 Tax reconciliation

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit before tax	1,489,845	2,044,772	1,145,160	1,758,346
Tax at the rate of 15% (2013: 15%)	223,477	306,716	171,774	263,752
Tax effect of:				
Non allowable expenses	11,608	19,849	6,074	15,476
Expenses eligible for 200% deduction	(5,198)	(4,066)	(5,198)	(4,066)
Expenses deductible for tax purposes	(16,542)	(2,301)	-	-
Exempt income	-	(31,210)	(99,301)	(170,655)
Under-provision of deferred tax in prior years	1,228	-	1,228	-
(Over)/under provision of tax in current year	-	1,804	(3,378)	1,804
Under provision of current tax in prior years	12,516	1,605	-	-
Tax loss of a subsidiary	5,833	14,510	-	-
	9,445	191	(100,575)	(157,441)
	232,922	306,907	71,199	106,311

18.3 Income tax recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax				
Arising on income and expenses recognised in other comprehensive income				
Re-measurement of defined benefit obligation	42,588	60,967	42,892	54,989

18.4 Deferred tax liabilities/(assets)

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	134,607	150,428	37,240	47,648
Over provision in previous year	584	-	-	-
Charge/(reversed) to profit or loss	8,214	45,146	(2,789)	44,580
Reversed to other comprehensive income	(42,588)	(60,967)	(42,892)	(54,988)
At end of year	100,817	134,607	(8,441)	37,240

Deferred tax liabilities/(assets) arise from the following:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Temporary differences				
Property, plant and equipment	733,047	678,034	573,213	530,396
Other temporary differences	(177,533)	(145,823)	(141,253)	(108,040)
Retirement benefit obligation	(454,697)	(397,604)	(440,401)	(385,116)
	100,817	134,607	(8,441)	37,240

19. Retirement benefit plans

Defined benefit plans

The group and the company contribute to defined benefit pension plans for their employees and have recognised a net defined benefit liability of Rs 000s 3,031,314 and Rs 000s 2,936,007 for the group and the company respectively in respect of pension benefits under the Mauritius Telecom Staff Pension Fund (including OTS and widow's Schemes) in the statements of financial position as at 31 December 2014.

The amounts included in the statements of financial position arising from the group's and the company's obligations in respect of the defined benefit plans are as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Present value of funded obligations	7,041,328	6,250,955	6,883,818	6,113,107
Fair value of plan assets	(4,010,014)	(3,600,263)	(3,947,811)	(3,545,670)
	3,031,314	2,650,692	2,936,007	2,567,437

Reconciliation of Net Defined Benefit Liability/ (Asset)

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening Balance	2,650,692	2,039,681	2,567,437	2,002,434
Amount Recognised in P&L	385,091	342,310	366,458	331,174
Amount Recognised in OCI	283,923	406,447	285,945	366,590
Less Employer Contributions	(288,392)	(137,746)	(283,833)	(132,761)
Closing Balance	3,031,314	2,650,692	2,936,007	2,567,437

Reconciliation of Fair Value of Plan Assets

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening balance	3,600,263	3,216,367	3,545,670	3,171,192
Interest income	275,350	289,732	271,101	285,527
Employer contributions	288,392	137,746	283,833	132,761
Employee contributions	7,735	6,810	7,735	6,810
Benefits paid	(151,359)	(137,436)	(151,013)	(136,853)
Return on plan assets excluding interest income	(10,367)	87,044	(9,515)	86,233
Closing Balance	4,010,014	3,600,263	3,947,811	3,545,670

Reconciliation of Present Value of Defined Benefit Obligation

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening balance	6,250,955	5,256,048	6,113,107	5,173,626
Current service cost	197,193	165,247	184,637	157,100
Employee contributions	7,735	6,810	7,735	6,810
Interest expense	463,248	466,795	452,922	459,601
Other benefits paid	(151,359)	(137,436)	(151,013)	(136,853)
Liability gain due to change in demographic assumptions	(531,149)	-	(516,730)	-
Liability experience loss	804,705	2,687	793,160	-
Liability loss due to change in financial assumptions	-	490,804	-	452,823
Closing balance	7,041,328	6,250,955	6,883,818	6,113,107

19. Retirement benefit plans (cont'd)

Components of amount recognised in Comprehensive Income:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	197,193	165,247	184,637	157,100
Past service cost	-	-	-	-
Settlement (gain)/loss	-	-	-	-
Service cost	197,193	165,247	184,637	157,100
Net interest on net defined benefit liability	187,898	177,063	181,821	174,074
Components of defined benefit costs recognised in profit or loss	385,091	342,310	366,458	331,174

Components of amount recognised in Other Comprehensive Income:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Return on plan assets (above)/below interest income	10,367	(87,044)	9,515	(86,233)
Liability experience loss	804,705	2,687	793,160	-
Liability gain due to change in demographic assumptions	(531,149)	-	(516,730)	-
Liability loss due to change in financial assumptions	-	490,804	-	452,823
Components of defined benefit costs recognised in other comprehensive income	283,923	406,447	285,945	366,590

The Current service costs and the net interest expense for the year are included in operating expense.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

Allocation of Plan Assets at End of Year

	%	%
Equity - Local quoted	20	20
Equity - Local unquoted	1	1
Debt - Overseas unquoted	0	4
Debt - Local quoted	1	0
Debt - Local unquoted	64	61
Property Local	1	1
Investment Funds	13	13
Total	100	100

Principal Assumptions Used at End of Period

	2014	2013
	%	%
Discount rate	7.5	7.5
Rate of salary increases	7.5	7.5
Rate of pension increases	5.0	5.0
Average retirement age	63 Yrs	60 Yrs
Average life expectancy for :		
Male at ARA	17.3 Yrs	19.5 Yrs
Female at ARA	21.7 Yrs	24.2 Yrs
Early retirement rate on undiscounted benefits from ages 55 to 59	-	5%

Sensitivity Analysis on Defined Benefit Obligation at End of Period

	2014	2013
	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	1,384,362	930,671
Decrease due to 1% increase in discount rate	949,002	708,384

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Company expects to contribute Rs 000s 150,027 to its pension plan in 2015 and the weighted average duration of the defined benefit obligation is 17 years.

Retirement benefit obligations have been based on the report submitted by AON Hewitt Ltd dated 16 December 2014.

20. Trade payables

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Outside parties	1,935,357	2,393,030	1,252,256	1,522,789
Shareholders	68	18,937	68	18,937
Related parties	1,476	55,383	1,476	19,053
	1,936,901	2,467,350	1,253,800	1,560,779

The average credit period from suppliers on purchases of goods and services is 30 days from invoice date.

No interest is charged on the trade payables to outside parties as the group and the company have set up processes that ensure all payables are paid within the credit timeframe.

Amounts due to related parties and shareholders are unsecured, have no fixed terms of repayment and are interest free.

Included in outside parties are refundable security deposits of Rs 000s 393,092 (2013: Rs 000s 450,714) for the group and the company. The group and the company do not expect the security deposits to be refundable within one year.

21. Other payables and accrued expenses

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Operating taxes accrued	56,963	44,160	44,598	41,276
Subsidiaries	-	-	396,701	376,462
Related party	-	2,781	-	2,781
Other payables and accrued expenses	1,145,860	1,146,530	850,628	1,079,784
Forward exchange contracts	1,180	-	1,180	-
Work in progress	43,215	60,760	42,252	48,718
	1,247,218	1,254,231	1,335,359	1,549,021

The amounts due to subsidiaries are unsecured, bear interest at 8.15% per annum (2013: between 8.15% and 8.40% per annum) and have no fixed terms of repayment.

The amount due to related party is unsecured, interest free and do not have any terms of repayment.

22. Deferred revenue

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	321,624	329,023	218,205	262,981
Movement for the year for prepaid cards and deferred rental	28,936	(30,574)	(20,879)	(42,415)
Amount received on ICT equipment	13,577	50,613	13,577	25,077
Revenue recognised on ICT equipment	(32,608)	(27,438)	(6,139)	(27,438)
At end of year	331,529	321,624	204,764	218,205

23. Dividends

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs 000s	Rs 000s
Interim dividend of Rs5.27 per share for 2013	-	1,001,300
Special dividend of Rs 5.27 per share for 2013	-	1,001,300
Interim dividend of Rs 4.12 per share for 2014	782,800	-
	782,800	2,002,600

Interim dividend of Rs 4.12 per share amounting to Rs 000s 782,800 pertaining to current year was declared by the directors on 16 December 2014 and accrued in the financial statements for the year ended 31 December 2014.

24. Provisions

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Employee benefits	328,500	292,503	290,132	261,507
Dismantling costs	31,373	28,523	5,729	5,525
	359,873	321,026	295,861	267,032

The table below shows the movement in provisions during the year:

	THE GROUP		THE COMPANY	
	Employee Benefits	Dismantling Costs	Employee Benefits	Dismantling Costs
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2013	242,425	24,728	242,425	4,953
Additional provisions recognised	58,170	2,764	57,281	359
Finance Cost	-	1,031	-	213
Acquired in business combination	42,073	-	-	-
Utilised in current year	(50,165)	-	(38,199)	-
At 31 December 2013	292,503	28,523	261,507	5,525
Additional provisions recognised	98,539	1,767	85,288	-
Finance Cost	-	1,083	-	204
Utilised in current year	(62,542)	-	(56,663)	-
At 31 December 2014	328,500	31,373	290,132	5,729

(i) The provision for employee benefits represents untaken leaves and amounts accrued under the savings scheme. The provision is based on each employee's entitlement to the above mentioned benefits.

(ii) The provision for dismantling costs represents an estimate of the future outflow of economic benefits that will be required to remove plant and equipment. The estimate has been made on the basis of quotes obtained from external contractors.

25. Revenue

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Sale of goods	623,789	432,037	96,583	128,370
Rendering of services	8,480,024	8,062,802	5,390,687	4,887,751
	9,103,813	8,494,839	5,487,270	5,016,121

As per General Notice No. 1813 of 2008, legal supplement, the company is required to contribute part of the revenues derived from international incoming minutes to a Universal Service Fund established under Section 21 of the Information and Communication Technologies Act 2001.

The volume of incoming international minutes terminated by Mauritius Telecom in 2014 was 28.4 million minutes (2013: 36.4 million minutes).

26. Profits from operations

Profit from operations is arrived at after charging/(crediting) the following items:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Depreciation of property, plant and equipment	1,617,958	1,253,540	1,120,832	892,848
Impairment loss on property, plant and equipment	9,638	12,680	6,128	-
Staff costs (a)	2,469,430	2,121,316	2,057,996	1,826,837
Costs of inventories recognised as expense	610,657	419,473	104,491	86,263
Amortisation and impairment of intangible assets	140,403	126,288	89,655	59,234
Provision for slow moving stock	6,212	29,260	5,349	28,582
Impairment of other investments	-	2,300	-	2,300
Impairment of investment in subsidiary	-	-	127,500	-
Impairment loss net of reversal recognised on trade receivables	12,118	7,873	12,118	(27,868)
Directors' emoluments (part time)	4,342	6,763	4,342	6,763
Auditors' remuneration:				
Audit fees	3,909	2,895	1,560	1,525
Donation	15	15	15	15
Gain on deemed disposal of an associate	-	(16,127)	-	-

(a) Staff costs include employee benefits expense as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Post employment benefits				
Defined benefit plan	385,091	342,310	366,458	331,174
Termination benefits	9,782	17,921	7,149	10,314
	394,873	350,231	373,607	341,488

The salary review was completed during the year and the associated cost amounted to Rs 598M for the period July 2012 to December 2014 and the total impact in 2014 amounted to Rs 225M.

27. Other income

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Rental income	57,550	39,456	70,640	68,900
Management fees	-	-	439,744	452,049
Other income	41,849	2,893	28,432	2,165
	99,399	42,349	538,816	523,114

28. Other (losses)/gains

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Gain on deemed disposal of an associate	-	16,127	-	-
Net exchange gains	64,669	14,270	44,765	24,723
Profit on disposal of property, plant and equipment	3,345	2,334	3,230	2,334
Impairment of other investments	-	(2,300)	-	(2,300)
Goodwill Write off	(80,980)	-	-	-
Impairment of investment in subsidiary	-	-	(127,500)	-
	(12,966)	30,431	(79,505)	24,757

The net exchange gains are attributable mainly to the translation of monetary assets and liabilities denominated in foreign currencies into the functional currency at the rate of exchange prevailing at the end of each reporting period.

29. Investment income

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Dividend income	4,717	3,580	658,774	1,035,168
Interest income				
Bank deposits	34,462	99,537	44,206	94,374
Current accounts with subsidiaries	-	-	34,998	57,481
Loan to subsidiaries	-	-	15,421	4,734
Others	3,980	4,676	3,952	4,675
	43,159	107,793	757,351	1,196,432

Investment income earned on financial and non financial assets, analysed by category of asset is as follows:

	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Non-financial Investment	4,717	3,580	658,774	1,035,168
Loans and receivables (including cash and bank balances)	38,442	104,213	98,577	161,264
	43,159	107,793	757,351	1,196,432

30. Finance costs

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest expense				
Bank borrowings	18,349	2,983	-	-
Current accounts with subsidiaries	-	-	40,252	43,723
Others	1,083	1,031	204	213
	19,432	4,014	40,456	43,936

31. Earnings per share

The calculation of earnings per share is based on profit for the year after taxation attributable to owners of the company of Rs 000s 992,460 (2013: Rs 000s 1,436,706) and on 190,000,001 shares in issue for the two years ended 31 December 2014.

32. Financial instruments

32.1 Capital risk management

The group and the company manage their capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group and the company strategy remain unchanged from 2013.

The capital structure of the group and the company consist of debt, which includes the borrowings disclosed in note 17 net of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves.

The capital structure is being reviewed regularly taking into consideration the cost of capital and risks associated with each class of capital. The objective is to reach a capital structure in line with those of its peers within the same industry and this would be achieved through payments of dividends, issue of new debt or/and redemption of existing debt.

32.2 Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 3 to the financial statements.

32. Financial instruments (cont'd)

32.3 Categories of financial instruments

Financial assets

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Loans and receivables (including cash and cash equivalents)	3,139,465	5,002,156	3,546,895	5,785,674
Available for sale financial assets	9,341	8,971	9,341	8,971
At FVTPL	293	-	293	-
	3,149,099	5,011,127	3,556,529	5,794,645

Financial liabilities

	THE GROUP		THE COMPANY	
Amortised cost	4,360,355	6,072,543	3,551,911	5,273,751
At FVTPL	1,180	-	1,180	-
	4,361,535	6,072,543	3,553,091	5,273,751

There is no material difference between the values of financial liabilities at fair value and amounts payable at maturity.

32.4 Financial risk management

The Corporate Treasury Function provides services to all entities within the group and the company. It also monitors and manages their operations' exposure to financial risks namely market risk including currency risk and interest rate risk, credit risk and liquidity risk.

32.5 Market risk

The group's and the company's operations expose them mainly to the financial risks of changes in foreign currency exchange rates and interest rates. The group and the company manage their foreign currency changes and interest rates risks through simple matching of proceeds and expenses in same currencies, purchase of future foreign currencies at spot rate, market intelligence and close follow up of interest rate evolutions.

32.6 Currency risk management

The group and the company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Currency risks arise at transactional level (transactional risks) and when financial assets and liabilities are translated at exchange rate at the end of year.

The group and the company are risk averse with respect to foreign currency transactions and their approach to foreign currency risk management are not of a speculative nature.

Currency risks on transactions are managed through matching of inflows and outflows of foreign currencies. As the group and the company have more outflows than inflows in foreign currency, additional foreign currency requirement are purchased in advance, whenever relevant, at spot rates with financial institutions. The group and the company do not maintain hedge accounting for transactions in foreign currency and there is no formal hedging contracts or arrangements.

Translation risk at the end of year is managed through matching of foreign denominated assets and liabilities.

It is the policy of the group and the company to enter into forward foreign exchange contracts to cover specific foreign currency payments. The group and the company also enter into forward foreign exchange contracts to manage the foreign currency risk associated with anticipated purchase transactions.

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

32. Financial instruments (cont'd)

32.6 Currency risk management (cont'd)

The carrying amount of the financial assets and liabilities by currency profile at the reporting date are as follows:

The Group

Currency profile

	2014		2013	
	Financial Assets	Financial liabilities	Financial Assets	Financial liabilities
Currency	Rs 000s	Rs 000s	Rs 000s	Rs 000s
EUR	420,811	163,973	358,798	119,645
MUR	2,310,875	3,596,782	4,325,149	5,044,983
USD	321,554	326,891	224,785	515,141
Others	95,859	273,889	102,395	392,774
	3,149,099	4,361,535	5,011,127	6,072,543

The Company

Currency profile

	2014		2013	
	Financial Assets	Financial liabilities	Financial Assets	Financial liabilities
Currency	Rs 000s	Rs 000s	Rs 000s	Rs 000s
EUR	390,650	22,648	50,426	99,373
MUR	2,846,632	3,445,924	5,069,561	4,850,309
USD	308,917	79,056	667,172	312,390
Others	10,330	5,463	7,486	11,679
	3,556,529	3,553,091	5,794,645	5,273,751

Foreign currency sensitivity

The group and the company are mainly exposed to the USD and Euro.

The following table shows the group's and the company's sensitivity to a 10% increase or decrease in exchange rate of USD and Euro on financial assets and liabilities.

	THE GROUP			
	Euro Impact		USD Impact	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit or loss on equity	25,684	23,915	534	29,036

	THE COMPANY			
	Euro Impact		USD Impact	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit or loss on equity	36,800	4,895	22,986	35,478

32.6.1 Forward foreign exchange contracts

It is the policy of the company to enter into forward foreign exchange contracts to cover foreign currency payments.

The following table details the forward contracts outstanding as at 31 December 2014:

Foreign Exchange Contract	Average Exchange Rate	Foreign Currency Value	Contract Value	Fair Value Liability
	Rs	EUR 000s	Rs 000s	Rs 000s
Buy Euro				
Less than 3 months	39.730	4,950	196,122	887

These forward contracts have been classified as Level 2 based on forward exchange rates and forward contract rates.

32. Financial instruments (cont'd)

32.7 Interest rate risk management

Financial investments by the entities of the group and the company are mainly short term (less than 6 months) and are limited to fixed deposits. To eliminate interest rate risk that may arise on such investments, the group and the company opt for fixed interest rates.

The group's and the company's loans and receivables including cash and cash equivalents are at fixed interest rates and therefore are not subject to interest rate risks during the validity period of the investment.

Cash and cash equivalents include fixed deposit accounts which carried interest at the rates in the table below.

	THE GROUP AND THE COMPANY	
	2014	2013
Currency	% Interest Rate p.a.	% Interest Rate p.a.
MUR	3.00-4.05	2.65-4.25
USD	0.01-0.35	0.10-1.30
EUR	0.01-5.00	0.05-0.25

Interest rate risk would arise on renewal of the short term fixed deposit at maturity date. Any variation in future interest rate by 50 basis points will impact profit by Rs 0.13M (2013: Rs 0.4M).

The group is subject to interest rate risk on the loans. Any variation in future interest rate by 50 basis points will impact profit by Rs 000s 0.97 (2013: Rs 000s 0.20). The company is not subject to interest rate risk on the loan.

32.8 Credit risk management

The group and the company are exposed to credit risk, being risk that a customer or counter party will default on its contractual obligations resulting in financial loss to the group and the company.

To minimise this exposure, the group and the company have adopted a policy of doing business only with creditworthy customers or counter parties and obtaining sufficient collateral or guarantees where appropriate, as a means of mitigating the risk of financial loss from defaulters.

To assess the creditworthiness of customers, the group and the company have set up an internal credit assessment system which uses information from publicly available financial information, market intelligence and its own trading records, to rate its present and future customers.

The group and the company traded with related parties including shareholders during the year. Sales of services accounted for 4.3% (2013: 4.8%) and 32% (2013: 30.7%) of total sales for the group and the company respectively.

Except for amounts due from related parties, the group and the company consider that they have an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and business customers) operating in numerous industries and located in Mauritius and abroad. In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

Credit risk on trade receivables is managed through appropriate credit control policies implemented as per approved policy, and which is reviewed yearly by the risk committee. The credit control policy is implemented by a credit control team dedicated to credit management.

32. Financial instruments (cont'd)

32.8 Credit risk management (cont'd)

To mitigate the group's and the company's credit risk, all new customers are required to provide a cash deposit on provision of services to them. Monthly invoices for services delivered are subject to a 10% surcharge if they are not settled by the due date. Regular reminders are sent for overdue invoices and service is disconnected if not settled within the defined period. Ultimately, the telephone lines are recovered and allocated to new customers if invoices remain unpaid.

The trade receivable recovery process after service disconnection has been outsourced to a debt collection agency since 2008.

Total trade receivables (net of allowances) held by the group and the company at 31 December 2014 amounted to Rs 000s 1,201,626 (2013: Rs 000s 1,428,339) and Rs 000s 889,993 (2013: Rs 000s 996,757) respectively. An ageing of the trade receivables at end of 2014 and movement in provision for bad debts during 2014 is disclosed under note 13.

Any variation in future recovery ratio of trade receivables by 0.5% will affect profit of the group and the company by Rs 4.8m (2013: Rs 6.8m), Rs 3.7m (2013: Rs 4.1m) respectively.

32.9 Liquidity risk management

The group and the company's liquidity management are overseen by the Treasury, the latter ensuring that necessary funds are available at all times to meet payment commitments when due without having recourse to additional external financing.

Any excess funds are invested on a short term which averages a 3 to 6 month period.

The following table details the group's and company's expected maturity for its non-derivative financial assets and remaining contractual maturity of its non-derivative financial liabilities.

With respect to financial assets, figures have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. For financial liabilities, figures have been arrived at based on the undiscounted cash flow of financial liabilities based on the earliest date on which the group may be required to settle the liability.

Maturities of Financial Assets and Financial Liabilities (Non derivatives)

Group

	ITEM	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
			Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2014								
Financial Assets	Fixed Interest Rate Instruments	0.30%-3.45%	666,068	-	89,156	-	-	755,224
	Fixed Interest Rate Instruments	7.5%-10%	2,272	7,745	106,832	-	-	116,849
	Non Interest Bearing	-	272,598	998,819	216,645	7,800	-	1,495,682
	Variable Interest Rate Instruments	3.5%-4.10%	770,684	8,892	-	-	-	779,576
	Variable Interest Rate Instruments	8.15%-10%	1,588	-	-	-	-	1,588
			1,713,210	1,015,456	412,633	7,800	-	3,149,099
Financial Liabilities	Non Interest Bearing	-	771,442	2,529,901	733,196	1,323		4,035,862
	Fixed interest Rate	3%-9%	-	-	-	-	193,613	193,613
	Variable Interest Rate Instruments	3.15%-10%	-	-	130,880	-	-	130,880
			771,442	2,529,901	864,076	1,323	193,613	4,360,355

32. Financial instruments (cont'd)

32.9 Liquidity risk management (cont'd)

Maturities of Financial Assets and Financial Liabilities (Non derivatives) (cont'd)

Group (cont'd)

	ITEM	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
			Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2013								
Financial Assets	Fixed Interest Rate Instruments	0.30%-3.45%	2,828,327	-	94,880	-	-	2,923,207
	Fixed Interest Rate Instruments	7.5%-10%	1,275	20,182	89,927	-	-	111,384
	Non Interest Bearing	-	221,739	1,087,072	262,169	8,970	-	1,579,950
	Variable Interest Rate Instruments	3.5%-4.10%	395,313	-	-	-	-	395,313
	Variable Interest Rate Instruments	8.15%-10%	1,273	-	-	-	-	1,273
			3,447,927	1,107,254	446,976	8,970	-	5,011,127
Financial Liabilities	Non Interest Bearing	-	2,155,850	2,805,642	742,179	-	-	5,703,671
	Fixed interest Rate	3%-9%	-	-	1,931	200,504	40,101	242,536
	Variable Interest Rate Instruments	3.15%-10%	2,781	-	123,555	-	-	126,336
			2,158,631	2,805,642	867,665	200,504	40,101	6,072,543

The group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Maturities of Financial Assets and Financial Liabilities (Non derivatives) (cont'd)

Company

	ITEM	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	Within 1 year	1-5 years	5+ years	Total
			Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2014									
Financial Assets	Fixed Interest Rate Instruments	0.18% - 3.53%	666,068	-	-	-	-	-	666,068
	Fixed Interest Rate Instruments	7.00% - 10.00%	-	-	-	113,719	109,333	248,278	471,330
	Non Interest Bearing	-	203,874	788,644	205,534	-	9,341	-	1,207,393
	Variable Interest Rate Instruments	3.25%	721,300	-	-	-	-	-	721,300
	Variable Interest Rate Instruments	8.15%	490,145	-	-	-	-	-	490,145
			2,081,387	788,644	205,534	113,719	118,674	248,278	3,556,236
Financial Liabilities	Non Interest Bearing	-	782,800	1,690,240	562,647	-	-	-	3,035,687
	Variable Interest Rate Instruments	3.15% - 8.27%	385,343	-	130,881	-	-	-	516,224
			1,168,143	1,690,240	693,528	-	-	-	3,551,911

32. Financial instruments (cont'd)

32.9 Liquidity risk management (cont'd)

Maturities of Financial Assets and Financial Liabilities (Non derivatives) (cont'd)

Company (cont'd)

	ITEM	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	Within 1 year	1-5 years	5+ years	Total
			Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2013									
Financial Assets	Fixed Interest Rate Instruments	0.30% - 3.45%	2,828,576	-	33,413	-	133,651	-	2,995,640
	Fixed Interest Rate Instruments	7.50% - 10.00%	-	-	78,421	-	-	-	78,421
	Non Interest Bearing	-	167,015	989,562	254,301	-	8,971	-	1,419,849
	Variable Interest Rate Instruments	3.15%	319,510	-	-	-	-	-	319,510
	Variable Interest Rate Instruments	8.27%	981,225	-	-	-	-	-	981,225
			4,296,326	989,562	366,135	-	142,622	-	5,794,645
Financial Liabilities	Non Interest Bearing	-	2,157,151	2,015,037	598,765	-	-	-	4,770,953
	Variable Interest Rate Instruments	3.15% - 8.27%	379,243	-	123,555	-	-	-	502,798
			2,536,394	2,015,037	722,320	-	-	-	5,273,751

Maturities of Financial Assets and Financial Liabilities (derivatives)

The following table details the group's and company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

The Group and The Company

ITEM	1-3 months
	Rs 000s
2014	
Financial assets	
Gross settled	
Foreign exchange forward contracts	147,667
Financial liabilities	
Gross settled	
Foreign exchange forward contracts	48,455

33. Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. The basis on which the fair value has been determined is given below.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2014				
Available for sale investments	-	4,866	4,475	9,341
2013				
Available for sale investments	-	4,496	4,475	8,971

The reconciliation of Level 3 fair value measurement is provided in note 10(b) to the financial statements.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except for the financial instruments classified under Level 2 detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in these financial statements approximate their fair values due to their short term nature (less than 12 months). These financial assets and financial liabilities would have been classified as Level 3 in fair value hierarchy.

The Group	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial liabilities				
Financial liabilities held at amortised cost				
Bank loans	225,037	207,869	242,537	223,801
The Company				
Financial assets				
Loans and receivables				
Loan to a subsidiary	384,944	379,349	167,064	165,089

NOTES TO FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2014

34. Related party transactions

The shareholders of the company are the Government of Mauritius, State Bank of Mauritius, National Pension Fund and France Telecom.

During the year ended 31 December 2014, the group and the company entered into the following transactions with related parties.

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
(i) Sales of services				
Subsidiaries	-	-	1,426,563	1,203,020
Shareholders	382,121	406,451	323,500	330,731
Associate	5,340	4,776	5,340	4,776
(ii) Purchases of services				
Subsidiaries	-	-	732,614	601,087
Associate	3,122	3,480	3,122	3,480
Shareholders	306,558	263,058	180,825	191,886
Entities under common shareholding	125,188	46,414	125,188	46,414
(iii) Dividend income				
Subsidiaries	-	-	640,000	976,000
Associates and related parties	4,717	3,580	18,774	59,168
(iv) Other income and management fees				
Subsidiaries	-	-	520,331	518,301
Associate	2,391	360	2,391	360
Related Party	5,254	-	5,254	-
(v) Interest expense				
Subsidiaries	-	-	40,252	43,723
(vi) Interest income				
Subsidiaries	-	-	34,998	57,481
On loan to subsidiary	-	-	15,421	4,734
(vii) Emoluments of Key management personnel				
Short term benefits	51,761	59,936	49,505	57,967
(viii) Outstanding balances receivable from				
Subsidiaries	-	-	489,936	1,093,014
Associate	1,987	1,526	1,987	1,526
Shareholders	40,224	52,626	40,224	52,626
Related Parties	5,397	7,117	5,397	5,886
(ix) Outstanding balances payable to				
Subsidiaries	-	-	385,343	376,462
Shareholders	6,492	18,937	6,492	18,937
Related parties	2,862	58,165	2,862	21,834
(x) Loan to subsidiaries	-	-	384,944	167,064

35. Commitments for expenditure

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Commitments for the acquisition of property, plant and equipment	646,347	634,000	531,080	375,000

NOTES TO FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

36. Operating lease arrangements

The group and the company as lessees

Leasing arrangements

Operating leases relate to leases of land and of motor vehicles for a term of five years and space segment for terms exceeding five years. All operating lease contracts contain market rental reviews. The group and the company do not have an option to purchase the leased assets at the expiry of the lease periods.

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	92,613	106,244	81,568	82,467
Between two and five years	223,806	188,083	107,652	80,674
After five years	427,428	274,153	359,793	24,981
	743,847	568,480	549,013	188,121

Payments recognised as an expense

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Minimum lease payments	133,012	109,113	101,072	74,256

The company as lessor

Leasing arrangements

Operating leases relate to the properties owned by the company with lease term of 5 to 10 years, with an option for further renewal. All operating lease contracts contain market review clauses in the event that the Lessee exercises its option to renew. The Lessee does not have an option to purchase the properties at the expiry of the lease period.

Operating lease receivables

	THE GROUP AND COMPANY	
	2014	2013
	Rs 000s	Rs 000s
Within one year	40,221	113,118
Between two and five years	175,984	99,509
After five years	105,388	122,231
	321,593	334,858

37. Contingent liabilities

There are contingent liabilities not provided for in the financial statements in respect of guarantees amounting to Rs 000s 88,925 (2013: Rs 000s 130,437) for the group and Rs 000s 86,220 (2013: Rs 000s 86,533) for the company respectively. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

38. Subsequent to the reporting period

The Republic of Vanuatu was hit by a severe cyclone in March 2015 and the outside plant and equipment of Telecom Vanuatu Ltd were significantly damaged. As a consequence the operations were affected for a few days. The Directors of the subsidiary have assessed the extent of damage to the outside plant and equipment and the impact on operations and have determined that there is adequate insurance cover.

MILESTONES 2014

- 46 new LTE sites were deployed to improve broadband cellular coverage, the majority being in Plaines Wilhems area
- UTRAN network upgraded to RAN15.0 to to deliver voice and SMS service to LTE user
- DBS Upgrade Project to increase capacity and at same time enhancing its architecture
- Contract awarded to MT by Vini, telecom operator in French Polynesia and Orange Cameroun to replicate mobile apps for their respective mobile numbering change plan
- Contracts awarded for apps development for the MBC and Electoral Commissioner's Office for the General Elections.
- Completion of full 3G and 4G mobile service coverage in Rodrigues
- Deployment of ADSL Resources to all Exchanges in Rodrigues and Expansion of capacity by 400 ports and expansion of SHDSL Capacity for Business Customers
- Deployment of Line Testing System to all exchanges in Rodrigues
- Construction of Two New 35 meter Tower Structures at Roche Bon Dieu andPort Sud Est to extend mobile coverage
- Internet Services Provider (ISP) License for the provision of Broadband Internet over fibre granted by ICTA
- MPLS Peering - Implementation of MT-TSA MPLS NNI
- Implementation of 2 new Gateway Routers for provision of IP VPN Premium service
- Replacement of EoS (End of Support) switches in Core Mobile Network
- Dismantling of legacy Huawei S8508 switches and legacy ATM-based ALU ASAM DSLAM
- Extension of SLTS Copper Testing Tool to Rodrigues for enhanced troubleshooting and repair service
- EPC Phase 2 Project implemented. It consisted of setting up a unified core Packet Switch network for 2G, 3G and LTE Network.
- Introduction of Hot Survey automated & real time census tool at CSL on all main platforms
- Construction of a new Exchange Building at Cascavelle Shopping Mall
- Installation of Biometric Access Readers at 54 exchanges completed
- A new 400 KVA Generator together with associated switchgears installed on the terrace of level 2 at Telecom Tower to cater for Business Continuity requirements
- Introduction of automated calls volume Forecasting and Agents Scheduling tools on all main platforms at CSL
- Introduction of enhanced troubleshooting methods on 8902 for fixed and broadband services for better first line resolution
- Technical Business Impact Analysis (BIA) and Risk Assessment (RA) exercise held at Rose Hill Data Centre for Implementation of ISO 22301:2012

GLOSSARY OF TERMS

Glossary

3G (THIRD GENERATION WIRELESS)
A mobile system, which includes capabilities and features such as enhanced multimedia, broad bandwidth, high speed, e-mail, web browsing and video conferencing

4G (LTE)
The fourth generation of wireless network technology featuring greater bandwidth and faster speeds than previous networks

ACS
Automatic Configuration Server

ADSL (ASYMMETRIC DIGITAL SUBSCRIBER LINE)
Technology that transforms a normal copper line into a high-speed digital line thus enabling access to telephony services and the Internet at the same time. An ADSL line has a higher downstream speed (into the end user) than upstream speed (away from the end user)

AMS
Access Management System

ASP (APPLICATION SERVICE PROVIDER)
An ASP is a company that offers individuals or enterprises access over the Internet to applications and related services that would otherwise have to be located in their own personal or enterprise computers

BANDWIDTH
The physical characteristic of a telecommunications system that indicates the speed at which information can be transferred

BAS
Broadband Access Servers

BROADBAND
In general, broadband refers to telecommunication in which a wide band of frequencies are available to transmit information. Generally referred to speeds greater than 64 Kbps

CAS
Conditional Access System

CDN
Content Delivery Network

DAS
Distributed Antenna System

DLM
Dynamic Line Management consists of line diagnosis and dynamic line management functions installed by MT to proactively monitor and remotely manage customer broadband lines

DSL (DIGITAL SUBSCRIBER LINE)
A technology for bringing high-bandwidth information to homes and small businesses over ordinary copper telephone

EASSy (EASTERN AFRICA SUBMARINE CABLE SYSTEM)
It is an undersea fibre optic cable that will link the countries of East Africa and Madagascar between themselves and to the rest of the world

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization

EIG
Europe-India Gateway (submarine cable system)

EPG
Electronic Program Guide

FTTC (FIBRE TO THE CABINET)
Refers to the installation and use of optical fibre cable up to the cabinets near homes or any business environment as a replacement for copper cables between the exchange and the field cabinets

FTTH (FIBRE TO THE HOME)
Includes fibre-optic access solutions designed for residential deployments

GMPLS
Global Multi-Protocol Label-Switching is a protocol suite that extends the basic features of MPLS to TDM circuits and wavelength technologies

GPON
Gigabit Passive Optical Network refers to a point-to-multipoint, fibre to the premises network architecture which supports Gigabit traffic and in which optical splitters are used to enable a single optical fibre to serve multiple premises

GSM (GLOBAL STANDARD FOR MOBILE COMMUNICATIONS)
A digital mobile telephone communications, which uses a variation of time division multiple access. It operates at either the 900 MHz or 1800 MHz frequency band

Home Passed
Fibre deployed to the nearest Distribution Point for Residential connection

HSPA
High Speed Packet Access refers to a set of technologies which supports increased peak data rates of up to 14 Mbit/s in the downlink and 5.76 Mbit/s in the uplink enabling mobile operators to upgrade their data network

IMEI
International Mobile Equipment Identity

IP (INTERNET PROTOCOL)
The method by which data is sent between computers on the Internetn iPhone with a fast wireless 3G technology

IPLC (INTERNATIONAL PRIVATE LEASED CIRCUIT)
Circuits leased from international facilities operators, which cross one or more international boundaries

IPTV
Internet Protocol Television

IP PBX
Internet Protocol Private Branch Exchange

ISP
Internet Service Provider

LION
Lower Indian Ocean Network (submarine cable system connecting Indian Ocean islands)

MPLS
Multi-Protocol Label Switching is a highly scalable, protocol agnostic, data carrying mechanism primarily designed for IP network

MULTIMEDIA
The combination of various forms of media (texts, graphics, animation, audio, etc.) to communicate information

NetPC
The Net PC (also referred to as the Network PC) is a low-cost personal computer designed as a thin client with centrally managed (cloud) network applications

NGN (NEXT GENERATION NETWORK)
Enables multiple services such as voice, video and data to be integrated and efficiently carried over the network and in which service-related functions are independent from underlying transport related technologies

P2P
Peer to Peer

SAFE
South Africa Far East submarine cable System

SBC
Session Border Controllers

SDH
Synchronous Digital Hierarchy are standardised multiplexing protocols that transfer multiple digital bit streams over optical fibre

SDM
Subscriber Data Management

SHDSL
Single Line High-bit-rate Digital Subscriber Line allows symmetrical data rates in both the upstream and downstream directions over a traditional copper pair

SIP
Session Initiation Protocol

STB
Set-top-box

TEAMS
The East African Marine System

UMTS (UNIVERSAL MOBILE TELECOMMUNICATIONS SERVICE)
A third-generation (3G) broadband, packet based transmission of text, digitized voice, video, and multimedia at data rates up to 2 megabits per second (Mbps) that offers a consistent set of services to mobile computer and phone users no matter where they are located in the world

VDSL
Very High Speed Digital Subscriber line allows 'fibre-like' applications on traditional copper pair

VoD (VIDEO ON DEMAND)
The ability to stream a movie or other video programme to an individual Web browser or TV Set-Top Box (STB) upon user request

VOIP (VOICE OVER INTERNET PROTOCOL)
The generic name for the transport of voice traffic using Internet Protocol (IP) technology

VAS
Value Added Services

WACS
West Africa Cable System

NOTES

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MOBILE & INTERNET

Mobile Data Services . Orange Money . Broadband Internet. Internet Roaming .
Internet Everywhere . TV . VOD . 4G . Orange Tablet . Orange Phablet . FTTH . Information Services

TELEPHONY SERVICES

Fixed Line . Post Pay International Call . Prepaid Calling Cards . Phone Booths

BUSINESS SERVICES

FTTB . TelePresence . Cloud Solutions . BPO & Call Centre Solutions . Telephony . Mobile Internet . International Connectivity . Intranet .
Data Centre & Defense Solutions . Customized Call Centre . Information Hub . Automated Services . CRM Services